



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FISCAL YEAR ENDED JUNE 30, 2009





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# Letter of Transmittal



## *Finance Department*

3300 Capitol Avenue, Building B, P.O. Box 5006, Fremont, CA 94537-5006  
510 494-4610 *ph* | 510 494-4611 *fax* | [www.fremont.gov](http://www.fremont.gov)

December 21, 2009

To the Honorable Mayor, Members of the City Council and  
Citizens of the City of Fremont, California

Various financing covenants and rules associated with restricted funding sources require the City of Fremont, California (City) to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Fremont's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Caporicci & Larson, a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the City of Fremont's financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Government**

The City of Fremont, incorporated in 1956, is located at the southeast end of the San Francisco Bay and is the fourth largest city in the Bay Area and 96th among the most populous cities in the nation, according to the 2000 census. The City of Fremont contains 92 square miles and serves a population of just over 215,000. In addition to a large cluster of high tech companies, Fremont has attracted many biotechnology and clean technology companies.

Fremont is a general law city and, as such, does not operate under the provisions of a voter-approved charter. Like other general law cities, and charter cities with only minor differences, the City has limited ability to set tax rates. The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value. The property tax collected is allocated among the jurisdictions in the City's tax rate areas based on criteria established by the State Legislature.



## Letter of Transmittal

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The rate and tax base of the City's other major general tax, sales tax, are also controlled by the State Legislature or the Constitution, rather than the City Council.

The City of Fremont has operated under the council-manager form of government since its incorporation in 1956. Policy-making and legislative authority are vested in a five-member governing council consisting of the Mayor and four Councilmembers. The City Council is responsible for, among other things, passing ordinances, adopting the budget, approving the Mayor's nominees to commissions, and hiring both the City's manager and its attorney.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Councilmembers serve four-year staggered terms, with two Councilmembers elected every two years. The Mayor is elected to serve a four-year term. The Mayor and Councilmembers are elected at large and all are subject to two-term limits.

The City of Fremont provides a broad range of services, including police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, recreational and cultural activities, and human services programs. The City also manages franchises for solid waste, cable television, and energy. Certain infrastructure construction and community development activities are provided through a legally separate redevelopment agency. The City Council sits as the redevelopment agency's board, and the agency functions, in essence, as a department of the City. Therefore, the Fremont Redevelopment Agency (Agency) has been included as an integral part of the City of Fremont's financial statements. Many major public services delivered within the City's boundaries, including water, wastewater, education, regional parks, and public transportation, are provided by other agencies. The City of Fremont is not financially accountable for the operations of the franchisees or these government agencies.

Increases of existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters, while taxes levied for specific purposes require a two-thirds majority of voters, as do property tax levies used to pay for debt issued to build capital assets. In November 2002, Fremont voters approved an additional tax levy to build and upgrade fire stations and other public safety facilities throughout the City. The first series of those bonds was issued in July 2003, with a second series following in April 2005, and the final series in February 2009. Work funded by bond proceeds is progressing on schedule.

Assessments have varying requirements for voter approval, ranging from approval through Council action unless challenged by a majority protest, to two-thirds voter approval, with voting rights apportioned based on the amount of the assessment. In addition, fees for facilities and services are subject to requirements that they be set at levels that do not exceed the reasonable costs of providing those services. As a result, fund balances generated by differences between fee revenue and related expenses are designated for services and facilities that benefit fee payers.

### **Factors Affecting Financial Condition**

We believe the information presented in the financial statements is best understood when it is considered from the broader context within which the City of Fremont operates.

***Risk and volatility in funding sources collected or allocated by the State.*** During the last thirty years, the City has lost its ability to set tax rates without voter approval and the State of California has diverted local revenues to offset its own budget problems. A constitutional amendment (Proposition 1A), passed by State voters on November 2, 2004, limits the reductions of local government revenues beginning in FY 2006/07, and recharacterizes those reductions as “loans” rather than “takeaways.” It also limits the State’s ability to borrow local revenue allocations to twice every ten years. The first such “loan” occurred in FY 2009/10, and must be repaid with interest by no later than June 30, 2013. Limits on the “loans” are based on the total amount allocated to local government, not the specific amounts allocated to an individual agency. Another provision permanently reduced the vehicle license fee rate and replaced local government’s lost in-lieu vehicle taxes with property tax money that has been transferred away from local governments annually since 1993.

The State also proposed, and the voters approved, a constitutional amendment (Proposition 57) transferring a quarter of local government’s 1% sales tax rate to the State to guarantee repayment of bonds issued in FY 2003/04 by the State to finance its operating deficit (the so-called “Economic Recovery Bonds”). That sales tax was replaced with property tax that has been transferred away from local governments annually since 1993. The revenue shift (referred to as the “triple flip”) began in FY 2004/05 and will continue until the Economic Recovery Bonds issued by the State to finance its budget shortfalls are repaid.

The City Council cannot control the rates of the City’s largest revenues. The State’s Proposition 13-related revisions to the property tax allocation formula, its reductions to city and county sales tax rates, and its cuts to the personal property tax rate for vehicles illustrate the broad extent of the State’s control of the City’s revenues. This outside control adds to the volatile nature of City resources.

***Local economy.*** During the last ten years, the City experienced very strong economic growth followed by a significant decline in revenues related to the condition of the Silicon Valley economy. Despite only moderate effects on consumer retail and a remarkably strong residential housing market, the business downturn was so severe that it forced major reductions in basic City services in FY 2003/04. Those reductions remain in place today (with some exceptions for public safety functions). In addition, with the significant recession now affecting both the City and the entire nation, additional expenditure cuts have been implemented and staffing vacancies are being managed aggressively.

We are in a recession triggered by the far-reaching impacts of the housing slump and the subprime mortgage meltdown. The first wave of the recession affected residential property. Now, the City’s warehouse and manufacturing properties are beginning to see increased vacancy rates, and economists are warning that the second part of the downturn will affect the non-residential market. Since the fourth quarter of 2008, there has been a steady increase in the amount of vacant commercial space on the market. Currently, Fremont has a 24.3% vacancy rate for R&D facilities.

Unemployment in Fremont has increased from 3.4% in 2007 to 8.4% as of October 2009. Unemployment is at its highest in California and the nation in over 20 years, and the effects of the high unemployment rates will hit home even harder when the New United Motor Manufacturing, Inc. (NUMMI) facility, a joint venture of General Motors and Toyota, ceases production in Fremont at the end of March 2010.

## Letter of Transmittal

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**CalPERS.** The California Public Employees' Retirement System (CalPERS) has suffered portfolio losses and earned sub-par yields in five of the last eight years. The impact of portfolio losses began to affect City retirement contributions beginning in FY 2003/04. Because of actions taken by the CalPERS Board to mitigate the magnitude of employer rate fluctuations, the City's actuary projects that the current higher rates will continue to remain in effect for the foreseeable future.

**State budget.** In July 2009, the State passed a budget that is heavily dependent on debt and deferral of expenses and continues to face a multibillion dollar structural deficit in FY 2009/10 and beyond. Revenues continue to decline on a statewide basis, and the size of the deficit is once again estimated to be roughly \$20 billion. It is not known at this time what steps the State will take next to address its budget challenges.

The FY 2009/10 State budget also included a provision that increased the redevelopment agencies' statewide contribution to the Educational Revenue Augmentation Fund (ERAF) by an additional \$1.7 billion in FY 2009/10 and an additional \$350 million in FY 2010/11. For the Fremont Redevelopment Agency, the FY 2009/10 ERAF contribution will increase by an additional \$10.9 million in FY 2009/10, and \$2.3 million for FY2011/12. It is not the State's intent to repay this money in future years. The FY 2008/09 State budget also included an additional redevelopment agency contribution to ERAF of \$350 million statewide. The Agency's share of that was \$2.3 million. In 2008, the California Redevelopment Association (CRA) filed a lawsuit against the State of California charging that this taking of money from redevelopment agencies was unconstitutional. The CRA was successful in Superior Court in 2009, and the State subsequently decided not to appeal that decision.

When the State's latest budget package was adopted in late July 2009, it once again included a taking of money from redevelopment agencies. Mindful of its loss in the last attempt, the Legislature believes it has resolved the issues that resulted in the unconstitutionality ruling with respect to its earlier attempt. The California Redevelopment Agency once again, on October 20, 2009, filed a lawsuit challenging the constitutionality of the Legislature's action, and its non-redevelopment purpose. The outcome of this current round of litigation is not yet known.

**Long-term financial planning.** The City Council has continued to focus attention on the long term benefits of transportation infrastructure improvement, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, and development of a pedestrian-oriented urban center in the City's Midtown area.

Construction is nearly complete on two grade separations that will increase safety, reduce congestion and facilitate extension of the Bay Area Rapid Transit District commuter rail system south to the City's Warm Springs district and from there, eventually, to San Jose. These transportation system improvements received significant amounts of redevelopment funding as part of an overall plan that includes State, regional, federal and other local funds.

In addition to retail development, efforts continue to expand Fremont's industrial base. Clean technology firms are establishing a cluster, which includes firms involved with research and development, as well as large scale manufacturing. These firms include Solyndra, Solaria, Deeya and Purfresh, and it is expected that this industry sector will continue to find Fremont a desirable location due to affordable space, a qualified workforce, and a central Bay Area location.



**Redevelopment funding cap.** The Agency estimates it will reach its limit on the collection of tax increment revenue for the Industrial Project Area in FY 2011/12. Efforts were begun almost two years ago to implement a plan amendment to increase this cap because, unless the cap is increased, a number of ongoing and future Agency redevelopment efforts will be curtailed. Discussions with all of the various affected taxing entities are underway, with the objective of completing the plan amendment process in 2010.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the 25th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and legal requirements. A Certificate of Achievement is valid for one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 2008/09. This was the twelfth consecutive year the City received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would also like to express our appreciation to all the members of the departments who assisted in and contributed to the preparation of this report. Credit and thanks, also, to the City Manager, and the Mayor and City Councilmembers for their unflagging support for maintaining the highest standards of professionalism in the management of the City of Fremont's finances.

Respectfully submitted,



Harriet V. Commons, CPA  
Finance Director/Treasurer

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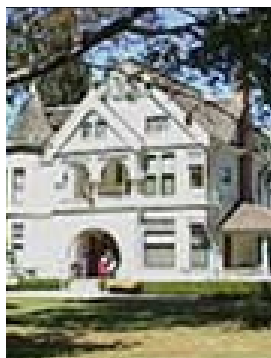


Located on the southeast side of the San Francisco Bay, Fremont is a city of over 215,000 people with an area of 92 square miles, making it the fourth largest city in the San Francisco Bay Area and ranks 96th among the most populous cities in the nation according to the California State Department of Finance. With its moderate climate and its proximity to major universities, shopping areas, recreational and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

The Fremont area was first settled with the establishment of Mission San Jose by

the Spanish. In the mid-1840s, John C. Fremont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. In 1853, Washington Township was established, taking in the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined together to form the City of Fremont.





### City Council

Bob Wasserman, Mayor  
Anu Natarajan, Vice Mayor  
Bob Wieckowski, Councilmember  
Bill Harrison, Councilmember  
Suzanne Chan, Councilmember



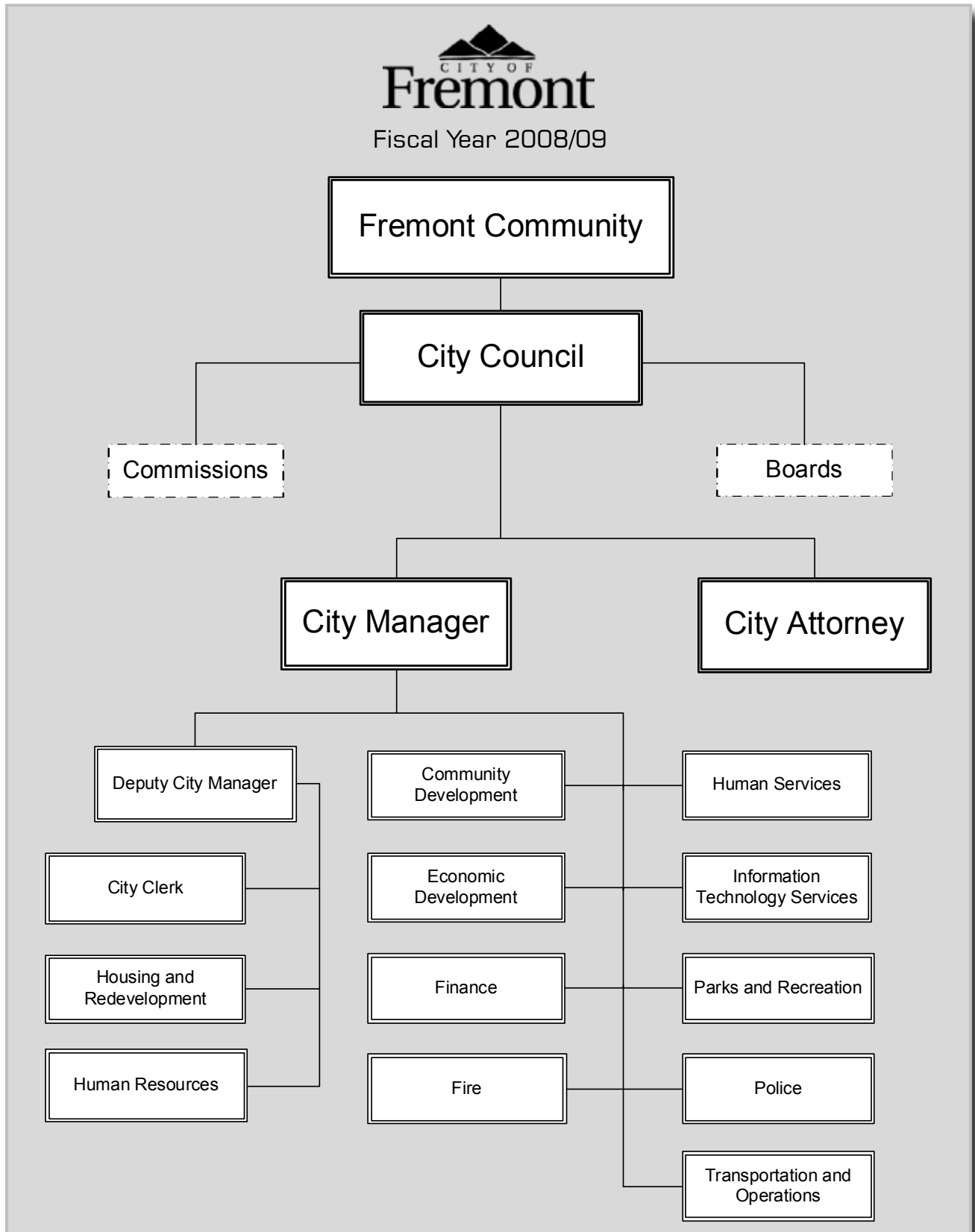
### City Executive Staff

Fred Diaz, City Manager  
Harvey E. Levine, City Attorney  
Melissa Stevenson Dile, Deputy City Manager  
Dawn G. Abrahamson, City Clerk  
Harriet Commons, Finance Director  
Marilyn Crane, Information Technology Services Director  
Daren Fields, Economic Development Director  
Annabell Holland, Parks & Recreation Director  
Norm Hughes, City Engineer  
Jill Keimach, Community Development Director  
Bruce Martin, Fire Chief  
Jim Pierson, Transportation & Operations Director  
Mary Kaye Fisher, Interim Human Resources Director  
Jeff Schwob, Planning Director  
Suzanne Shenfil, Human Services Director  
Craig Steckler, Chief of Police  
Elisa Tierney, Housing & Redevelopment Director



### CAFR Team

Gloria I. del Rosario, Senior Accountant  
Tricia Fan, Senior Accountant  
Tish Saini, Accountant  
Ellen Zhou, Accountant  
Krysten Lee, Accounting Technician  
Elisa Chang, Executive Assistant/Graphic Artist





## Certificate of Achievement for Excellence in Financial Reporting



The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the 25th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and legal requirements. A Certificate of Achievement is valid for one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fremont  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# Financial Section



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Fremont  
Fremont, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fremont, California (City), as of and for the years ended June 30, 2009 and 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Subsequent to the basic financial statements date of June 30, 2009 and the year then ended, the State of California (State) has borrowed, deferred paying certain revenues and proposed taking other funds from local governments including cities, counties, districts and agencies. These actions by the State include:

- 8% of Property Taxes borrowed — to be repaid in 3 years
- Gas Tax payments deferred — to be paid after January 1, 2010
- Redevelopment Agency funds — prepared to be taken for fiscal year 2010

These above amounts are very significant to the local governments and may affect their ongoing operations. Certain lawsuits are in process to stop such State actions. The State legislation is also in process to aid local governments to be able to sell the 8% of property taxes borrowed by the State to a Joint Powers Authority. For more detailed information, see Note 13 attached in the Notes to Basic Financial Statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009 and 2008, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with generally accepted accounting principles in the United States.

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**Oakland**  
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777 Campus Commons Rd., Suite 200  
Sacramento, California 95825

**San Diego**  
4858 Mercury, Suite 106  
San Diego, California 92111

# Independent Auditors' Report

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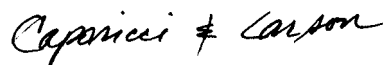
To the Honorable Mayor and Members of City Council  
of the City of Fremont  
Fremont, California  
Page Two

As described in Note 1 to the basic financial statements, the City adopted Statements of Governmental Accounting Standards Board No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board of the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Oakland, California  
December 3, 2009

## Management's Discussion and Analysis

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As management of the City of Fremont, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Fremont for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found in the Introductory Section at the front of this report.

### FINANCIAL HIGHLIGHTS

- On an entity-wide basis, the total assets of the City of Fremont exceeded its liabilities at the close of the most recent fiscal year by \$914,741,000 (net assets). Of this amount, \$39,138,000 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements. The amount of unrestricted net assets at June 30, 2009 is 10% less than the same amount a year earlier (\$43,467,000).
- Although revenues were less than in the prior year (largely due to one-time revenues in the prior year), and net expenses were more, the City's total net assets on an entity-wide basis increased by \$11,800,000 as a result of actions taken by the City Council and City Manager to minimize costs and control spending.
- As of June 30, 2009, the City of Fremont's governmental funds reported combined ending fund balances of \$299,482,000, a decrease of \$5,324,000 in comparison with the prior year. Of this amount, 16% (\$49,369,000) is reserved to indicate that it is not available for new spending because it has already been committed, either to liquidate contracts and purchase orders of the prior period (\$35,758,000), or to pay debt service (\$13,611,000). The remaining 84% (\$250,113,000) constitutes unreserved fund balance that is available for spending, but has been designated for a variety of specific future uses.
- At the end of FY 2008/09, unreserved fund balance for the General Fund was \$30,713,000. Of this amount, \$18,302,000 was designated by City Council policy for unforeseen events (contingencies) and \$3,660,000 was designated by City Council policy for start-up costs for future programs with the potential to generate revenues sufficient to cover costs and repay the start-up investment. Both of these policies were adopted by the City Council in June 1996. In addition, \$7,690,000 was designated to provide funds to deal with significant levels of potential financial volatility related to the uncertain economic environment and the unknown effects of the State budget. For the first time since its creation in 2002, \$3,486,000 of this designated fund balance was required to balance the General Fund operating budget. A positive \$1,061,000 was designated for fair value adjustments to the City's investment portfolio for net gains recognized by the City, but not yet realized at year-end.
- The City's total capital debt increased by \$14,155,000. New debt in the amount of \$92,360,000 was issued during the year to finance seismic retrofitting or construction of fire stations and acquisition of new fire apparatus, and to refund \$57,815,000 of outstanding debt. In addition to scheduled annual debt service payments in the amount of \$10,755,000, \$9,635,000 of outstanding debt due to mature in 2012 was called and redeemed early.

# Management's Discussion and Analysis

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## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Fremont's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Fremont's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities on an entity-wide basis, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Changes in Net Assets presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation and other compensated leave).

All of the City's activities are considered to be governmental in nature and, as a result, no business-type activities are reported in these statements. Governmental activities are those that are principally supported by taxes and intergovernmental revenues. For the City of Fremont, governmental activities consist of police services, fire services, human services, capital assets maintenance, recreation services, community development and environmental services, and general government administration.

The City is the primary government in this report. There are no discretely presented component units. However, these financial statements include three other entities that, although legally separate, are important because the City is financially accountable for them. These component units are the Redevelopment Agency of the City of Fremont (Agency), the Fremont Public Financing Authority (Authority), and the Fremont Social Services Joint Powers Authority (JPA). These component units have been included as an integral part of the City of Fremont (that is, their accounts are "blended" with those of the City) and they are not reported as separate discrete component units in these financial statements.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Fremont, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Fremont can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.



**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities shown in the government-wide financial statements.

The City of Fremont maintains fifty-six individual governmental funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the following individual funds that are considered to be major funds:

- General Fund
- Redevelopment Agency Operations
- Low and Moderate Income Housing
- Redevelopment Agency Debt Service
- Redevelopment Agency Capital Projects
- Development Impact Fees
- Development Cost Center
- Recreation Services
- Capital Maintenance
- Financing Authority Debt Service

Data for the other forty-six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, and the Redevelopment Agency Operations, Development Cost Center, and Recreation Services funds. Budgetary comparison statements are provided elsewhere in this report to demonstrate compliance with the adopted budget.

**Proprietary funds.** The only proprietary funds the City has are internal service funds, which are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management activities, information technology services, and other post-employment benefits. Because these services exist to benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report.

## Management's Discussion and Analysis

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***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The only fiduciary funds the City has are agency funds. The accounting used for these funds is much like that used for governmental funds. These funds are reported in a separate statement of fiduciary net assets.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements follow the basic financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information includes budgetary comparison schedules, as well as more detailed information about the City's use of the modified approach for certain of its infrastructure assets, and about its progress in funding its obligations to provide pension benefits to its employees.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's overall financial position. In the case of the City of Fremont, assets exceeded liabilities by \$914,741,000 at the close of the 2008/09 fiscal year. In comparison, last year assets exceeded liabilities by \$902,941,000.

## Management's Discussion and Analysis

Information about net assets is presented in the summary schedule, below:

### SUMMARY OF NET ASSETS JUNE 30, 2009 AND 2008 (dollars in thousands)

	2009	2008	Percentage Change
Current and other assets	\$ 389,436	\$ 384,103	1.4%
Capital assets	833,637	800,029	4.2%
<b>Total assets</b>	<b>1,223,073</b>	<b>1,184,132</b>	<b>3.3%</b>
Current liabilities	76,099	69,825	9.0%
Noncurrent liabilities	232,233	211,366	9.9%
<b>Total liabilities</b>	<b>308,332</b>	<b>281,191</b>	<b>9.7%</b>
Net assets:			
Invested in capital assets, net of related debt	617,288	597,016	3.4%
Restricted	258,315	262,458	(1.6%)
Unrestricted	39,138	43,467	(10.0%)
<b>Total net assets</b>	<b>\$ 914,741</b>	<b>\$ 902,941</b>	<b>1.3%</b>

The increase in total assets is primarily due to the increase in capital assets over the prior year. The \$33,608,000 increase consists of \$41,479,000 in additions, offset by \$7,634,000 in depreciation expense for the year and \$237,000 in net disposals. The major additions are \$16,851,000 for work completed on the Washington Boulevard/Paseo Padre Parkway Grade Separation project, \$5,486,000 for the Water Park, \$4,025,000 for the Fire Training Facility and Fire Administration tenant improvements, and \$2,580,000 for the new Fire Station No. 6 (Centerville). In addition, \$4,540,000 was spent on land acquisition.

Current liabilities increased mainly as a result of the higher tax and revenue anticipation note (TRAN) payable at the end of FY 2008/09, compared to FY 2007/08. The increase in noncurrent liabilities is due to the increase in long-term debt to fund seismic retrofitting of existing fire stations, construction of new fire stations, and acquisition of major fire apparatus, and estimated obligations for pollution remediation on land near the Niles Town Plaza and at the police outdoor firing range. This is the first year that pollution remediation obligations have been reported, in accordance with the implementation of a new GASB accounting and financial reporting standard.

By far, the largest portion of the City's net assets (67%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (28%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (5%) may be used to meet the City's ongoing obligations to citizens and creditors.

## Management's Discussion and Analysis

The City's net assets increased by \$11,800,000 (1.3%) during the current fiscal year. Information about changes in net assets is presented in the summary schedule, below:

### SUMMARY OF CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2009 AND 2008 (dollars in thousands)

	2009	2008	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 32,733	\$ 33,000	(0.8%)
Operating grants and contributions	22,955	25,381	(9.6%)
Capital grants and contributions	10,507	31,205	(66.3%)
General revenues:			
Property tax	103,504	98,145	5.5%
Sales tax	31,631	35,584	(11.1%)
Business tax	7,010	7,509	(6.6%)
Transient occupancy tax	2,865	3,181	(9.9%)
Property transfer tax	840	1,092	(23.1%)
Vehicle license in-lieu fees	727	939	(22.6%)
Development impact fees	4,104	11,012	(62.7%)
Franchise fees	8,329	7,954	4.7%
Investment earnings	8,982	17,425	(48.5%)
Miscellaneous	3,530	3,402	3.8%
<b>Total revenues</b>	<b>237,717</b>	<b>275,829</b>	<b>(13.8%)</b>
<b>Program expenses:</b>			
General government	13,767	13,071	5.3%
Police services	55,686	54,340	2.5%
Fire services	34,615	31,949	8.3%
Human services	8,544	8,570	(0.3%)
Capital assets maintenance and operations	38,894	45,348	(14.2%)
Recreation services	6,930	6,249	10.9%
Community development and environmental services	42,224	29,396	43.6%
Intergovernmental	12,741	10,170	25.3%
Interest on debt	9,616	9,884	(2.7%)
<b>Total program expenses</b>	<b>223,017</b>	<b>208,977</b>	<b>6.7%</b>
<b>Pollution remediation obligation</b>	<b>2,900</b>	<b>-</b>	<b>-</b>
<b>Increase in net assets</b>	<b>11,800</b>	<b>66,852</b>	<b>(82.3%)</b>
Net assets, beginning of year	902,941	813,201	11.0%
Prior period adjustment	-	22,888	(100.0%)
<b>Net assets, end of year</b>	<b>\$ 914,741</b>	<b>\$ 902,941</b>	<b>1.3%</b>

## Management's Discussion and Analysis

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**Revenues.** Operating grants and contributions decreased by \$2,426,000 (9.6%) compared to the prior year because less funding was received this fiscal year for the following, a significant portion of which funded pavement overlay projects: Measure B (\$1,442,000), Intermodal Surface Transportation (\$1,917,000), Traffic System Management (\$881,000), Miscellaneous State Grants (\$350,000), Transportation Development Act (\$326,000), and State Gas Tax (\$314,000). Increases in funding came from the Traffic Congestion Relief Funds (\$1,800,000) and the HOME Grant (\$1,200,000). There were also a variety of decreases/increases in other grant funding sources throughout the organization.

Capital grants and contributions decreased by \$20,698,000 (66.3%) compared to the prior year. This is the result of decreased grants and contributions for street improvements and capital projects that were completed or nearing completion this fiscal year – specifically, the Washington Boulevard/Paseo Padre Parkway Grade Separation and Water Park projects.

The City's property tax revenues increased \$5,359,000 (5.5%) and reflect the moderate increase in assessed valuation from the prior year. However, property tax revenue next year is estimated to be close to flat in the wake of foreclosures and downward reassessments resulting from the economic recession. Revenue the City will receive in FY 2009/10 is based on property assessed valuation as of January 1, 2009, and reflects the continued slowdown in the real estate market. Gross assessed valuation for secured property increased 5.2% from FY 2007/08 to FY 2008/09, compared to 6.7% from FY 2006/07 to FY 2007/08.

Sales tax decreased \$3,953,000 (11.1%), reflecting the effects of the global economic recession on Fremont. Declines were experienced in all sales tax categories. In the prior year, declines had been confined to transportation and construction, while business-to-business and general retail sales actually increased.

The drop in business tax revenues of \$499,000 (6.6%) compared to last year is made up of two pieces: (1) \$349,000 of the decrease is due to a drop in construction tax because of a significant decline in new residential construction resulting from the collapse in the housing market, and (2) \$100,000 of the decrease is due to lower gross earnings reported by registered business tax payers.

Property transfer tax decreased 23.1%, from \$1,092,000 in FY 2007/08 to \$840,000 in FY 2008/09. This decrease is attributable to the significant slow-down in the housing market and the dramatic decrease in sales of homes, much of it related to tightening credit as a result of the expanding national mortgage crisis. In addition to a decrease in the number of transactions, the average dollar value per transaction was also lower. This revenue can be a useful indicator of future property tax revenue performance.

Vehicle in-lieu license fees (VLF) decreased by 22.6%, from \$939,000 in FY 2007/08 to \$727,000 in FY 2008/09. The recession has caused vehicle sales to decline significantly compared to prior years, and it is anticipated this revenue source will decline even further in the current fiscal year.

Investment earnings were much lower in FY 2008/09 compared to FY 2007/08 as a result of the \$4.0 million Lehman investment loss recognized during the year, \$3.0 million of decreased interest due to lower interest rates, and \$1.5 million of lower fair market value gain compared to the prior fiscal year. In FY 2008/09, the average portfolio yield was 3.71%, compared to 4.74% in FY 2007/08.



## Management's Discussion and Analysis

**Program Expenses.** The City's revenues continue to be volatile, while expenses are more predictable. Although program expenses increased by 6.7%, to \$223,017,000, in FY 2008/09, this increase is largely due to Redevelopment Agency expenditures for affordable housing programs and pass-through payments to other taxing jurisdictions.

For each governmental activity, the total costs are the expenses associated with that activity. Net costs take into account any revenues that support the costs of an activity directly, such as grants and charges for services. Information about the total and net cost of governmental activities is presented below:

**TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008  
(dollars in thousands)**

	<u><b>Total Cost of Services</b></u>			<u><b>Net Cost of Services</b></u>		
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>% Change</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>% Change</b></u>
Police services	\$ 55,686	\$ 54,340	2.5%	\$ 49,504	\$ 47,888	3.4%
Fire services	34,615	31,949	8.3%	31,068	28,527	8.9%
Human services	8,544	8,570	(0.3%)	3,529	3,883	(9.1%)
Capital assets maintenance and operations	38,894	45,348	(14.2%)	12,632	(5,262)	340.1%
Recreation services	6,930	6,249	10.9%	2,325	2,220	4.7%
Community development and environmental services	42,224	29,396	43.6%	23,327	10,499	122.2%
Intergovernmental	12,741	10,170	25.3%	12,741	10,170	25.3%
General government	13,767	13,071	5.3%	12,081	11,582	4.3%
Interest on debt	9,616	9,884	(2.7%)	9,616	9,884	(2.7%)
Total	<u>\$ 223,017</u>	<u>\$ 208,977</u>	6.7%	<u>\$ 156,823</u>	<u>\$ 119,391</u>	31.4%

Both police and fire services expenses increased this year, partially due to increased labor costs. However, the Police Department had difficulty filling vacancies in the face of a large number of retirements, whereas the Fire Department did not face the same challenge. In addition, Fire had increased overtime costs for mutual aid responses for a number of significant fires throughout the State. A portion of these costs will be reimbursed, but the amount and timing are not yet known.

The slight decrease in total cost for human services (\$26,000) was enhanced by an increase in charges for services from Youth and Family Services as more families became eligible for Medi-Cal. As a result, the net cost for human services decreased \$354,000 compared to the prior year.

## Management's Discussion and Analysis

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Total costs for capital assets maintenance and operations decreased 14.2%, primarily because less grant money was available. Similarly, net costs for services increased significantly because the City received less in overall program revenue in FY 2008/09 to offset total costs. Capital grants and contributions were 66.3% less this fiscal year compared to the prior year, reflecting a reduction in donated infrastructure and grants for infrastructure construction. Operating grants and contributions were likewise lower because some overlay projects (with their related funding) were completed in the prior fiscal year. Maintenance of the City's capital assets is an important priority, and staff continues to work to find and deploy funding in the most effective way possible.

Recreation services expenses in FY 2008/09 increased by 10.9% (\$681,000) over FY 2007/08. New expenses for the Water Park, which opened in May 2009, were the primary reason for the increase in total costs. Somewhat offsetting this increase was the new revenue from the Water Park (admission fees, program classes, food services, and rental fees), which kept net cost of services at a 4.7% increase over the prior year.

Community development and environmental services expenses increased by 43.6% (\$12,828,000) over the prior fiscal year. This increase is mainly due to the Redevelopment Agency expending \$7,618,000 more this year than last for affordable housing programs. In addition, the Redevelopment Agency's capital project expenses were \$1,517,000 higher this fiscal year due to increases in contractual services for various projects (primarily the Washington Boulevard Grade Separation project and the Niles Town Plaza project) over the prior fiscal year. Expenses for Integrated Waste Management activities were \$2,655,000 higher in FY 2008/09 compared to FY 2007/08 because of increased costs of compliance associated with the City's National Pollutant Discharge Elimination Systems (NPDES) permit. These increased reporting and compliance requirements are imposed by the State of California Regional Water Quality Control Board.

The increase in intergovernmental expenses is due to increased tax increment pass-through payments to other taxing jurisdictions because the Redevelopment Agency received more tax increment revenue, and to adjustments made in the pass-through payments methodology in accordance with the requirements of AB 1389, administered by the Alameda County Auditor-Controller's Office.

The total cost of general government services increased by 5.3% (\$696,000), from \$13,071,000 in FY 2007/08 to \$13,767,000 in FY 2008/09. This increase was mainly due to increased depreciation expense for new Information Technology Services equipment and improvements to general government buildings and facilities. The increase was partially offset by continuing to hold a number of vacancies unfilled. The cost-saving strategy of not filling vacancies or filling them with temporary employees commenced at mid-year in FY 2007/08 and continued through FY 2008/09. Overall, the total cost of general government in actual dollars, which does not account for inflation, has increased only \$1,089,000 (8.6%) since the FY 2001/02 level of \$12,678,000, a period of seven years.

Interest on debt was 2.7% (\$268,000) less in FY 2008/09 than in FY 2007/08. A significant portion of the City's long-term debt is variable rate debt, and interest payments fluctuate weekly according to market rate changes. Overall, interest rates on variable rate debt were lower this year as compared to last year. This decrease in interest rates can also be seen in the decreased interest revenues earned by the City on its cash and investments.

Economic factors and next year's budget are discussed in more detail later in this discussion and analysis.

## Management's Discussion and Analysis

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### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of FY 2008/09, the City's governmental funds reported combined ending fund balances of \$299,482,000, a decrease of \$5,324,000 from the prior year. Of this amount, 16% (\$49,369,000) is reserved to indicate that it is not available for new spending because it has already been committed, either to liquidate contracts and purchase orders of the prior period (\$35,758,000), or to pay debt service (\$13,611,000). The remaining 84% (\$250,113,000) constitutes unreserved fund balance that is available for spending, but has been designated for a variety of specific future uses.

The following are the major funds that either qualified under the reporting criteria or were considered to be important to financial statement users:

**General Fund** – The General Fund is the City's chief operating fund. At the end of FY 2007/08, total fund balance was \$36,521,000, of which \$36,318,000 was unreserved. At the end of FY 2008/09, total fund balance was \$31,099,000, of which \$30,713,000 was unreserved. Of this unreserved amount, \$18,302,000 (12.5% of budgeted expenditures and transfers out) was designated by City Council policy for use for costs associated with unforeseen events (contingencies), and \$3,660,000 (2.5% of budgeted expenditures and transfers out) was designated by City Council policy for start-up costs for future programs with potential to generate revenues sufficient to cover costs and repay the start-up investment. Both of these policies were adopted by the City Council in June 1996. In addition, \$7,690,000 was earmarked to provide funds to deal with significant levels of potential financial volatility related to the uncertain economic climate and the unknown effects of the ongoing State budget imbalance. For the first time since its creation in 2002, \$3,486,000 of this designated fund balance was required to balance the General Fund operating budget. A positive \$1,061,000 was designated for fair value adjustments to the City's investment portfolio for net gains recognized by the City, but not yet realized at June 30, 2009.

The fund balance of the City's General Fund decreased by \$6,595,000 during the 2008/09 fiscal year, compared to a decrease of \$5,613,000 in the prior year. Revenues and transfers in of \$134,252,000 were 1.4% (\$1,938,000) lower than in FY 2007/08. Decreases in sales tax, business tax, investment earnings, and other taxes all contributed to the negative revenue growth in the General Fund. Expenditures and transfers out of \$140,846,000 decreased by 0.6% (\$956,000). To deal with the drop in revenues, a further decrease is included in the FY 2009/10 operating budget.

**Redevelopment Operations Fund** – This is the Redevelopment Agency's operating fund and it is funded with transfers from the Agency's Debt Service Fund. This fund records the administrative expenditures required to support the Agency's capital projects and includes pass-through payments to other taxing entities. This fund balance totaled \$248,000 at June 30, 2009, compared to \$23,000 a year earlier.

**Low and Moderate Income Housing Fund** – This fund receives 20% of the Redevelopment Agency's tax increment revenue, \$7.6 million in FY 2008/09, as a set-aside for development of affordable

## Management's Discussion and Analysis

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housing. This fund balance totaled \$11,987,000 at June 30, 2009, compared to \$21,637,000 a year earlier. The decrease in the fund balance is mainly due to increased housing project expenditures, primarily for the Eden Housing – Peralta Boulevard Senior Apartments and the Allied Housing – Main Street Village projects. In addition, the remaining outstanding 2003 Tax Allocation Housing bonds, scheduled to mature in 2012, were called and redeemed early in order to save on related interest costs. Finally, less interest earnings were recognized for FY 2008/09. All of this fund balance is designated for future low and moderate income housing projects as part of the Agency Board's adoption of the Agency's funding allocations plan and project appropriations plan.

***Redevelopment Agency Debt Service Fund*** – This fund receives 80% of the Redevelopment Agency's tax increment revenue to repay outstanding debt and support the Agency's non-housing redevelopment projects. This amounted to approximately \$30,417,000 in FY 2008/09. Total tax increment revenue (including the 20% set-aside for housing) increased 2.9% in FY 2008/09, to \$38,021,000 million from \$36,966,000 in the previous fiscal year. In addition to paying annual principal and interest charges on the Agency's tax allocation bonds, revenues are also transferred from this fund to the Agency's Redevelopment Operations Fund to support operations, and to the Capital Projects Fund for non-housing projects. During FY 2008/09, the total transfer out of this fund was \$23,300,000, of which \$8,500,000 went to capital projects and \$14,800,000 went to fund operating expenditures. The major operating expenditure was pass-through payments to other taxing jurisdictions (\$12,754,000). In addition, \$8,687,000 was transferred in from the Low and Moderate Income Housing Fund for the early redemption of outstanding tax allocation bonds. All of the fund balance in this fund (\$7,157,000) is reserved for payment of debt service on the Agency's outstanding bonds.

***Redevelopment Agency Capital Projects Fund*** – This fund accounts for the remaining proceeds of tax allocation bonds and tax increment revenues that are not needed for debt service and can be used to fund the Agency's non-housing projects. Expenditures are shown in the community development and capital outlay categories. Fund balance totaled \$82,047,000 at June 30, 2009, compared to \$86,510,000 a year earlier. The decrease was due to less interest earnings and more project expenditures related to redevelopment efforts in the historic district project areas in FY 2008/09 than in the prior year.

***Development Impact Fees*** – This fund represents the aggregate total of park dedication, park facilities, fire impact, traffic impact and capital facilities fees. These fees are levied on all new development in the City to pay for the construction and improvement of public facilities needed as a result of growth. Fees collected in FY 2008/09 were 62.7% lower than the amount collected in FY 2007/08. This large decrease in annual collections is due to the economic downturn and the related decrease in construction activity. During FY 2008/09, 83% of this fund's expenditures (\$4,675,000) were for park-related projects, and 16% (\$923,000) were for traffic-related impacts. In addition, \$950,000 was transferred to another fund for debt service related to capital facilities.

Because these funds are collected for construction or improvements of public facilities, the unreserved fund balance of \$56,465,000 is fully designated for capital projects, of which \$42,441,000 is related to park development and acquisition. These funds have not yet been spent because of the operational maintenance impacts of adding new parks. These projects are progressing cautiously because of the need to ensure that sufficient operating revenues exist so that park facilities can be adequately and appropriately maintained.

## Management's Discussion and Analysis

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***Development Cost Center*** – This fund was established to account for engineering, planning, and building and construction inspection activities related to the City's land use planning and construction regulatory responsibilities. Its customers are not only the development community, but also the City itself for its own capital projects. Fees collected in this cost center are used for the benefit of the fee payers who are developing their real property by covering the costs of City regulatory programs.

Real property development activity has been significantly affected by the recession experienced in the early part of this decade, and the much more severe recession in which the community, along with the rest of the nation, now finds itself. In FY 2006/07, the total valuation of permits issued was \$285,831,000. In FY 2007/08, the total valuation increased significantly to \$390,898,000, mainly due to some large commercial and housing development permits issued that year. Then, in FY 2008/09, there was a large decline in building permit activity due to the economic downturn, and total valuation fell to \$217,729,000. At the end of FY 2008/09, unreserved fund balance totaled \$1,817,000, down from \$2,898,000 in the prior year. This fund balance is designated for various development cost center purposes and will be used to ensure some continuity of critical development services.

***Recreation Services*** – This fund was established to account for the transactions and activities related to delivery of recreation services. Fees collected for recreation services are used for the development of programs and facilities benefiting fee payers. Fees in the amount of \$4,594,000 were 14% higher in FY 2008/09 than in the prior year (\$4,029,000). In contrast, expenditures only increased 11% (from \$6,188,000 to \$6,877,000). At the end of FY 2008/09, unreserved fund balance was \$3,413,000, down slightly from \$3,503,000 in the prior year. The activities in this fund in FY 2008/09 were focused on completing the Water Park, which opened in May 2009. Although it was originally anticipated that \$350,000 of fund balance would be needed to help fund start-up and initial operating costs, only \$100,000 wound up actually being needed. Because every effort is made to ensure that recreation services offered are those the community wants, the remaining fund balance will be used to develop or maintain recreation facilities and preserve the continuity of recreation services during economic downturns.

***Capital Maintenance*** – In prior years, this fund accounted for maintenance activities related to the City's capital assets, including parks, streets, buildings, vehicles, and urban forestry. As of July 1, 2008, this fund was closed and all maintenance activities are now accounted for in the General Fund.

***Financing Authority (Debt Service)*** – This fund accounts for the payment of principal and interest on the City's certificates of participation. The proceeds of the debt were used to finance acquisition or construction of capital facilities. Resources are transferred in from other funds (primarily the General Fund) annually to pay debt service costs. At June 30, 2009, this fund had a total fund balance of \$4,692,000, all of which is reserved for debt service.

***Non-major Governmental Funds*** – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2009, these funds had a total fund balance of \$99,998,000, of which \$25,990,000 is reserved for encumbrances and \$1,763,000 is reserved for debt service. The remaining \$72,245,000 is unreserved. All of this unreserved fund balance is designated for either special revenue or capital projects purposes. More information about these aggregated non-major funds can be found in the combining statements immediately following the required supplementary information.



## GENERAL FUND BUDGETARY HIGHLIGHTS

A summary of the budgetary comparison schedule for the General Fund, located in the required supplementary information following the notes to the financial statements, is as follows:

### SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2009 (dollars in thousands)

	Original Budget	Final Budget	Actual	Variance from Final Budget
Beginning fund balance, July 1, 2008	\$ 34,757	\$ 34,757	\$ 36,521	\$ 1,764
<b>Resources:</b>				
Revenues	134,063	134,063	127,491	(6,572)
Transfers in	6,618	6,618	6,761	143
<b>Total resources</b>	<b>140,681</b>	<b>140,681</b>	<b>134,252</b>	<b>(6,429)</b>
Charges to appropriations:				
Expenditures	129,187	128,763	123,293	5,470
Transfers out	17,795	18,240	16,381	1,859
<b>Total charges to appropriations</b>	<b>146,982</b>	<b>147,003</b>	<b>139,674</b>	<b>7,329</b>
Resources over (under) charges to appropriations	(6,301)	(6,322)	(5,422)	900
<b>Ending fund balance, June 30, 2009</b>	<b>\$ 28,456</b>	<b>\$ 28,435</b>	<b>\$ 31,099</b>	<b>\$ 2,664</b>

Between the time the FY 2008/09 budget was adopted (in June 2008) and the books for the prior fiscal year (FY 2007/08) were closed, the fund balance at June 30, 2008 increased by an unanticipated \$1.8 million. This was largely due to the following:

- Revenues and transfers in during FY 2007/08 were \$5.2 million (3.7%) lower than budgeted. All revenue categories (property tax, sales tax, business tax, and investment earnings) were lower (\$5.0 million) than anticipated and transfers-in were slightly lower (\$0.2 million).
- Savings in expenditures and transfers out during FY 2007/08 helped off-set the reduction in revenues received, with an additional savings of \$4.3 million (2.9%) from estimated budget levels. Because of the continued uncertainty in the City's economic situation, management continued to aggressively manage spending. In December 2007, all departments were instructed to reduce their spending by 1%, and management began holding vacant positions open and unfilled wherever possible. The City Council acted in January 2008 to amend the General Fund operating budget to, among other things, reduce budgeted transfers out to other funds in the amount of \$6.1 million.

## Management's Discussion and Analysis

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Despite lower revenues, active management of expenditures allowed the General Fund to end FY 2007/08 with an operating deficit of \$5,613,000, rather than the operating deficit of \$8,353,000 that was anticipated in the original adopted budget for FY 2007/08. Not having as large a deficit as expected in FY 2007/08 meant there was more fund balance with which to start FY 2008/09, and contributed to the City's ability to deal with continuing economic uncertainty and continued uncertainty about the State budget and its implications for the future.

Overall, FY 2008/09 General Fund revenues and transfers-in were 4.6% (\$6,429,000) lower than budgeted. Compared to the prior year, revenues declined by 1.4% (\$134,252,000 in FY 2008/09, as compared to \$136,190,000 in FY 2007/08).

Property tax is the City's main revenue source in the General Fund and, fortunately, it has continued to grow, although at a slower pace than in the past. The City's base property tax revenue increased from \$44,681,000 in FY 2007/08 to \$47,002,000 in FY 2008/09, a 5.2% increase. With the addition of property tax from the vehicle license fee swap, property tax revenue actually increased 5.1%, from \$59,762,000 in FY 2007/08 to \$62,833,000 in FY 2008/09. Gross assessed valuation for secured property increased 5.1% from FY 2007/08 to FY 2008/09.

Sales tax is the City's second largest source of revenue, and it can be volatile in an uncertain economy. Revenue volatility, while common to cities nationwide, is exacerbated in the Bay Area, especially in Silicon Valley communities that rely heavily on high-tech, business-to-business sales, as Fremont does. The City's actual sales tax revenue for FY 2008/09 was \$31,631,000, a decrease of 11.1% from the prior fiscal year. All sales tax sectors declined from the prior year. Major declines occurred in business-to-business sales, which represent 33% of our sales tax base, transportation sales (which includes gasoline sales) and general retail, each accounting for 22% of our base, and construction, representing 8% of the sales tax base.

Vehicle in-lieu license fee (VLF) revenues decreased by 22.5%, from \$939,000 in FY 2007/08 to \$727,000 in FY 2008/09. This decrease is due to the significant decline in vehicle sales related to the current recession. It is anticipated this revenue source will decline even further in the current fiscal year.

Because of the continued uncertainty in the City's economic situation, management continues to aggressively manage spending. In December 2007, all departments were instructed to reduce their spending by 1%, and management began holding vacant positions open and unfilled wherever possible. The active management of vacancies continued throughout FY 2008/09, and departments were instructed to develop sustainable budget reduction plans, to be implemented by no later than the start of the FY 2009/10 fiscal year. The end result was expenditure and transfer-out savings of \$7,329,000, 5.0% below budgeted levels.

Despite lower revenues of 4.6%, active management of expenditures allowed the General Fund to end FY 2008/09 with an operating deficit of \$6,595,000, which is not a significant variance from the operating deficit of \$6,301,000 that was anticipated in the original adopted budget. This preservation of fund balance that was \$1.8 million more than anticipated at the beginning of the year means there is \$1.5 million more in fund balance with which to start FY 2009/10. This savings actually resides in the amount of fund balance designated for budget uncertainty, and contributes to the City's ability to deal with continuing economic uncertainty and continued uncertainty about the State budget and its implications for the future. The City had no unreserved, undesignated fund balance at June 30, 2009.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Following is a summary of the City of Fremont's capital assets at June 30, 2009 and 2008:

#### SUMMARY OF CAPITAL ASSETS JUNE 30, 2009 AND 2008 (dollars in thousands)

	2009	2008	Percentage Change
Land	\$ 207,435	\$ 202,894	2.2%
Land improvements	5,260	5,260	0.0%
Infrastructure – non-depreciable	441,475	367,125	20.3%
Infrastructure – depreciable	322,063	321,245	0.3%
Buildings and improvements	173,832	145,596	19.4%
Equipment	20,303	18,767	8.2%
Vehicles	28,007	23,403	19.7%
Construction in progress	16,431	90,909	(81.9%)
<b>Total Capital Assets</b>	<b>1,214,806</b>	<b>1,175,199</b>	<b>3.4%</b>
Less: Accumulated depreciation	381,169	375,170	1.6%
<b>Governmental activities capital assets, net</b>	<b>\$ 833,637</b>	<b>\$ 800,029</b>	<b>4.2%</b>

The City's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$833,637,000 (net of accumulated depreciation), compared to \$800,029,000 in the prior year. These capital assets include land and land improvements, buildings, equipment, vehicles, streets, curbs and gutters, and construction in progress.

In FY 2008/09, the City added \$41,479,000 in new capital assets and disposed of \$1,871,000 in capital assets. The majority of these disposals were all related to vehicles and equipment that were almost fully depreciated. The net book value of disposed assets was \$237,000. Disposals are presented in the financial statements as a decrease in capital assets. The decrease in construction in progress and major additions to capital assets reflect work completed on the Washington Boulevard/Paseo Padre Grade Separation project, the Water Park, the Fire Training Facility and Fire Station No. 6 (Centerville), both of which were funded by the proceeds of general obligation bonds, and equipment and vehicle purchases, including several pieces of major fire apparatus. In addition, \$4,540,000 was spent on land acquisition.

The City has adopted the modified approach of GASB Statement No. 34 for its roads and streets, which means that these capital assets are not required to be depreciated if certain conditions (as described in Item 2 of the Required Supplementary Information following the notes to the financial statements) are met. The City's policy has been to achieve an average Pavement Condition Index (PCI) rating of at least 70 for all of its roads and streets. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling

## Management's Discussion and Analysis

at the posted speeds. At June 30, 2009, the City's roads and streets system was rated at an average PCI index of 64, down from the average PCI index of 67 in the prior year.

As a result of the continuing decline in the PCI rating, coupled with the severe recession gripping the Bay Area and the nation, and with no significant revenue recovery in sight, the City Council, for FY 2009/10, reaffirmed the use of the modified approach for the City's streets and roads infrastructure, and established a revised range of acceptable condition standard to be "fair" as measured by the City's pavement management system condition assessment index of between 50 and 69. With the continuing decline in the PCI index and the City's ongoing budget challenges, finding sufficient resources to fund street maintenance will be even more challenging for the foreseeable future.

Additional information about the City's capital assets can be found in Note 1.F and Note 4, following the basic financial statements.

### Long-term Debt

At the end of FY 2008/09, the City had \$216,580,000 in bonds and notes outstanding. Of this amount, \$26,070,000 is from tax allocation bonds issued by the Redevelopment Agency, \$140,510,000 is related to certificates of participation, and \$50,000,000 is from general obligation bonds. Following is a summary schedule of outstanding debt:

#### SUMMARY OF LONG-TERM DEBT JUNE 30, 2009 (dollars in thousands)

	Balance July 1, 2008	Incurred or Issued	Satisfied or Matured	Balance June 30, 2009
<b>Redevelopment Agency Tax Allocation Bonds:</b>				
Series 2003	\$ 11,825	\$ -	\$ 11,825	\$ -
Series 2004	29,940	-	3,870	26,070
<b>General Obligation Bonds:</b>				
Fire Safety Bonds 2003	9,220	-	220	9,000
Fire Safety Bonds 2004	25,000	-	-	25,000
Fire Safety Bonds 2009	-	16,000	-	16,000
<b>Certificates of Participation (COPs):</b>				
1990 Public Financing Authority	3,850	-	3,850	-
1991 Public Financing Authority	3,600	-	3,600	-
1998 Public Financing Authority	10,560	-	290	10,270
1998 Public Financing Authority	15,935	-	595	15,340
2001 Public Financing Authority	31,345	-	805	30,540
2001B Public Financing Authority	8,380	-	380	8,000
2002 Public Financing Authority	33,365	-	33,365	-
2003 Public Financing Authority	19,405	-	19,405	-
2008 Public Financing Authority	-	48,685	-	27,675
2008 Public Financing Authority	-	27,675	-	48,685
<b>Total</b>	<b>\$ 202,425</b>	<b>\$ 92,360</b>	<b>\$ 78,205</b>	<b>\$ 216,580</b>

## Management's Discussion and Analysis

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Of the outstanding debt, 55% is fixed rate debt (compared to 45% in the prior year), with an average interest rate of approximately 3.83% (compared to 4.13% in the prior year). The remaining 45% of the outstanding debt is variable rate debt, with an average interest rate of 0.42% as of June 30, 2009 (compared to 2.96% at the end of the prior fiscal year). The average interest rate on all outstanding City debt was 2.30% at June 30, 2009 (compared to 3.49% for the prior year).

The City Council adopted a debt policy in February 1996 that limits debt obligations of the General Fund to 7% of budgeted expenditures and transfers out. As of July 1, 2009, debt obligations were approximately 5.7% of budgeted expenditures and transfers out, which is within the policy limit.

On September 16, 2008, the City issued \$27.7 million of fixed rate certificates of participation (COPs), with an average interest rate of 4.52%, to refund three existing outstanding variable rate COPs issued in 1990, 1991, and 2003. On November 13, 2008, the City issued \$48.9 million of variable rate COPs to refund the outstanding 2002 variable rate COPs and provide \$15.7 million of new project money to fund various capital projects. Details of these debt refundings can be found in Note 5, following the basic financial statements.

As of June 30, 2009, the four largest outstanding debt obligations were as follows:

- \$48,685,000 in capital COPs, issued on November 13, 2008, to finance the following:
  - » Refunding of outstanding 2002 variable rate COPs
  - » Provide \$15,700,000 of funding to construct Fire Station No. 11 and to acquire various pieces of major fire apparatus
- \$30,540,000 in capital COPs, issued in 2001, to finance the following:
  - » A police detention and property evidence storage facility
  - » HVAC improvements to the existing police building
  - » Retiring notes used to purchase land for a potential city hall site
  - » Acquisition of and improvements to new city offices at 3300 Capitol Avenue
  - » Acquisition of a site to be used for future construction of the City's Fire Station 11 in the southern Industrial Area. Construction is funded with a separate COP issue.
- \$27,675,000 in capital COPs, issued on September 16, 2008, to finance the following:
  - » Refunding of outstanding 1990, 1991, and 2003 variable rate COPs
- \$26,070,000 in Redevelopment Agency tax allocation bonds. These bonds were issued in FY 2003/04, and the proceeds refunded the tax allocation bonds issued in 2000. The primary purpose of the 2000 tax allocation bonds was to refinance the freeway interchanges on Interstate 880 at Dixon Landing Road and Mission Boulevard/Warren Avenue, and a grade separation at Washington Boulevard. The purpose of the Washington Boulevard grade separation is to improve safety, relieve traffic congestion, and accommodate a Bay Area Rapid Transit (BART) extension to Warm Springs and eventually to San Jose.

## Management's Discussion and Analysis

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In November 2002, Fremont voters approved Measure R by 74.4%, thereby authorizing the City to issue \$51 million in general obligation bonds, to be repaid by a property tax levy. Proceeds from these bonds are being used to replace three fire stations, build public safety training facilities, and make remodeling and seismic improvements to seven existing fire stations. The first issue of these bonds, in the amount of \$10 million, was sold in July 2003. The second issue of these bonds, in the amount of \$25 million, was sold in April 2005. The third and final series of these bonds, in the amount of \$16 million, was sold in February 2009.

Additional information about the City's long-term debt can be found in Note 5, following the basic financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Like many cities in California, Fremont continues to face an uncertain economic future. The financial turbulence in the global markets, the nationwide mortgage crisis and related housing downturn, and the State's significant budget problems all affect Fremont's local economic environment.

City finances and the community services that depend on those resources have been severely strained because of years of State takeaways of traditionally local revenues, coupled with a serious recession in the early years of this decade. Now another serious economic recession is affecting the entire nation. The City met previous difficult times by reducing spending throughout the organization and by focusing on attracting and retaining retail businesses to increase revenue. Management has been vigilant and disciplined over the past several years to not increase the workforce (other than critical public safety needs) and to keep expenditures in check. Because of those fiscally responsible actions, the City can now face yet another economic downturn and the prospect of still more State takeaways with options, rather than being forced merely to react.

Total budgeted resources (including use of a portion of fund balance designated for budget uncertainty) in the coming year will be adequate to support total budgeted expenditures of \$136 million. The FY 2009/10 budget is 7.7% less than the prior year's adopted budget because of 5% reductions for public safety departments, 10% reductions for all other departments, and an additional 20% reduction for community development cost center activities funded by development service regulatory fees. Even with these reductions, the budget continues to maintain the City Council's long-standing priorities by allocating 77% of the budget to direct costs for public safety and maintenance. When overhead costs required to support these functions are allocated, the resources budgeted for these purposes are actually 90% of the General Fund.

Locally, the City faces three major challenges. First, the uncertain economic climate continues to have an impact on consumer-related revenues, especially auto sales. Second, it appears that property tax revenues will suffer because of the rippling effects of the subprime mortgage debacle, the tightening of real estate lending standards, and continued high levels of unemployment. Finally, the New United Motor Manufacturing, Inc. (NUMMI) plant, a joint venture of General Motors and Toyota, is scheduled to close at the end of March 2009. This means the loss of 3,500 jobs in Fremont, along with the effect this major plant closure will have on its suppliers. Accordingly, management remains extremely cautious and concerned about future revenue growth and its ability to keep pace with the costs of much-needed basic services.



In addition, the State's continued budget problems are a real threat. Seventy-nine percent of the City's general revenue and 75% of its General Fund revenue are comprised of property and sales taxes and vehicle license fees controlled by the State Legislature. Fremont's financial future is directly linked to the fiscal health of the State government. Although a constitutional amendment (Proposition 1A) was passed by State voters in November 2004 that limits the amounts of reductions of local government revenues in FY 2006/07 and future years and characterizes those reductions as "loans" rather than "take-aways," management continues to be concerned because the State budget continues to have a significant structural imbalance.

In FY 2009/10, the State declared "significant financial hardship" and borrowed 8% of property tax revenues from cities, counties and special districts. For Fremont, the amount of this loan is \$5.6 million, to be repaid with 2% simple interest by no later than June 30, 2013. In October 2009, the City Council approved Fremont's participation in the Property Tax Securitization Program offered by the California Statewide Communities Development Authority (CSCDA). As part of this program, the City signed over its property tax receivable to CSCDA, which in turn used those receivables from a number of local agencies to secure bonds it sold in November 2009. The proceeds of the bonds will be disbursed to participating local agencies to coincide with property tax payment dates by the counties. By no later than June 30, 2013, the State of California will repay its loans to CSCDA, rather than to the local agencies participating in the securitization program, for disbursement to the bondholders.

Fremont is fortunate to have a diverse business community linked to Silicon Valley and a relatively stable real estate market as compared to neighboring communities. However, Fremont is not immune to all of the financial turmoil affecting governments at all levels throughout the country. The FY 2009/10 budget assumptions acknowledge the uncertainty in the economy and the State budget, and the budget includes contingency reserves to help the City deal with the risk. In response to the continuing uncertainty the City faces, the City will attempt to preserve basic services and sustain maintenance of infrastructure and public facilities. However, further actions may be needed to bring the City's budget back into balance in response to the effects of this recession.

The prudent budgeting and reserve policies developed since the last two recessions in the early part of the 1990s and the 2000s have enabled the City to manage through recent economic downturns. However, pressure is being placed on these reserves by the growing economic problems facing the entire country. Aggressive cost management, continued retail development, and fee increases along with the prudent use of fund balance and reserves can mitigate the impact of reduced revenues and cushion the effects on departmental budgets and services, but additional actions may be needed to keep the budget in balance. Management continues to monitor the budget closely, and to report regularly to the City Council.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Fremont's finances for all those with an interest in the City's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Director, Harriet Commons, at 3300 Capital Avenue, P. O. Box 5006, Fremont, California 94537-5006.

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# Basic Financial Statements

## Government-Wide Financial Statements

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# City of Fremont

## Statement of Net Assets

June 30, 2009

(With comparative totals for June 30, 2008)

	Governmental Activities	
	2009	2008
<b>ASSETS</b>		
Current assets:		
Cash and investments held by City	\$ 337,017,212	\$ 335,231,004
Restricted cash and investments held by fiscal agent	12,596,995	6,485,089
Receivables:		
Property tax	1,124,122	901,891
Sales tax	3,731,707	4,825,115
Due from other governmental agencies	10,269,138	15,648,045
Accrued interest	11,398,251	10,483,342
Other	3,956,735	3,783,389
Total receivables	30,479,953	35,641,782
Total current assets	380,094,160	377,357,875
Noncurrent assets:		
Housing loans receivable, net	4,850,850	1,761,156
Condemnation deposits	15,000	908,853
Deferred charges	1,654,377	1,253,798
Land for sale	2,821,430	2,821,430
Capital assets:		
Nondepreciable assets	670,602,007	666,188,735
Depreciable assets, net	163,035,186	133,839,993
Total capital assets, net	833,637,193	800,028,728
Total noncurrent assets	842,978,850	806,773,965
<b>Total assets</b>	<b>1,223,073,010</b>	<b>1,184,131,840</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	9,998,734	12,903,906
Tax and revenue anticipation notes payable	28,000,000	19,720,000
Salaries and wages payable	4,900,138	5,585,206
Compensated absences	2,143,550	2,183,373
Claims payable	4,442,000	3,920,000
Due to other governmental agencies	11,158,849	9,847,880
Interest payable	4,330,024	3,377,732
Loans payable	3,000,000	1,500,000
Long-term debt - due within one year	8,125,607	10,786,389
Total current liabilities	76,098,902	69,824,486
Noncurrent liabilities:		
Unearned revenue	3,808,542	4,378,575
Compensated absences	6,357,017	6,550,117
Claims payable	7,556,000	6,438,000
Pollution remediation obligation	2,900,000	-
Net other post employment benefits liability	3,387,761	1,773,165
Long-term debt - due in more than one year	208,224,020	192,226,098
Total noncurrent liabilities	232,233,340	211,365,955
<b>Total liabilities</b>	<b>308,332,242</b>	<b>281,190,441</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	617,287,566	597,016,241
Restricted for:		
Capital projects and capital asset maintenance	221,065,288	211,637,324
Debt service	4,589,862	8,291,654
Community development	23,879,500	31,199,064
Specific projects and programs	8,780,084	11,329,690
Total restricted	258,314,734	262,457,732
Unrestricted	39,138,468	43,467,426
<b>Total net assets</b>	<b>\$ 914,740,768</b>	<b>\$ 902,941,399</b>

See accompanying Notes to Basic Financial Statements.

# City of Fremont

## Statement of Activities and Changes in Net Assets

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 13,767,479	\$ 1,686,609	\$ -	\$ -	\$ 1,686,609
Police services	55,686,039	5,202,320	979,870	-	6,182,190
Fire services	34,614,856	2,810,650	736,384	-	3,547,034
Human services	8,543,626	2,069,671	2,945,383	-	5,015,054
Capital assets maintenance and operations	38,893,562	1,759,999	13,994,253	10,507,311	26,261,563
Recreation and leisure services	6,929,936	4,604,871	-	-	4,604,871
Community development and environmental services	42,224,384	14,598,875	4,298,674	-	18,897,549
Intergovernmental	12,740,670	-	-	-	-
Interest on debt	9,616,078	-	-	-	-
<b>Total</b>	<b>\$ 223,016,630</b>	<b>\$ 32,732,995</b>	<b>\$ 22,954,564</b>	<b>\$ 10,507,311</b>	<b>\$ 66,194,870</b>

### General revenues:

Property tax  
Sales tax  
Business tax  
Transient occupancy tax  
Property transfer tax  
Total taxes  
Vehicle in-lieu license fees  
Development impact fees  
Franchise fees  
Investment earnings  
Miscellaneous

### Total general revenues

### Extraordinary item:

Pollution remediation obligation

### Change in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying Notes to Basic Financial Statements.



Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	
2009	2008
\$ (12,080,870)	\$ (11,581,501)
(49,503,849)	(47,887,818)
(31,067,822)	(28,527,098)
(3,528,572)	(3,882,624)
(12,631,999)	5,261,828
(2,325,065)	(2,219,897)
(23,326,835)	(10,499,186)
(12,740,670)	(10,170,059)
(9,616,078)	(9,884,311)
(156,821,760)	(119,390,666)
103,503,472	98,144,859
31,631,408	35,583,842
7,009,869	7,508,481
2,864,442	3,181,302
840,065	1,092,279
145,849,256	145,510,763
727,164	938,566
4,104,115	11,012,026
8,328,847	7,953,642
8,981,569	17,425,422
3,530,178	3,402,237
171,521,129	186,242,656
(2,900,000)	-
11,799,369	66,851,990
902,941,399	836,089,409
\$ 914,740,768	\$ 902,941,399

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# Basic Financial Statements

## Governmental Funds Financial Statements

**City of Fremont**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

(With comparative totals for June 30, 2008)

	Major Funds				
	General Fund	Redevelopment Agency Operations	Low and Moderate Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects
<b>ASSETS</b>					
Cash and investments held by City	\$ 51,298,409	\$ 11,518,530	\$ 12,167,450	\$ 7,156,786	\$ 84,181,236
Restricted cash and investments held by fiscal agent	-	-	161,037	-	-
Receivables:					
Property tax	1,083,493	-	-	-	-
Sales tax	3,731,707	-	-	-	-
Due from other governmental agencies	522,526	21,855	-	-	-
Housing loans receivable, net	-	-	3,000,000	-	-
Accrued interest	1,936,335	-	8,222,337	-	-
Other	2,283,961	-	63,197	-	12,753
Due from other funds	5,077,462	-	-	-	-
<b>Total assets</b>	<b>\$ 65,933,893</b>	<b>\$ 11,540,385</b>	<b>\$ 23,614,021</b>	<b>\$ 7,156,786</b>	<b>\$ 84,193,989</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,721,708	\$ 94,287	388,672	\$ -	\$ 2,146,810
Tax and revenue anticipation notes payable	28,000,000	-	-	-	-
Salaries and wages payable	3,804,786	39,197	15,619	-	-
Compensated absences	24,544	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governmental agencies	-	11,158,849	-	-	-
Loans payable and other liabilities	-	-	3,000,000	-	-
Deferred revenue	1,283,502	-	8,222,337	-	-
<b>Total liabilities</b>	<b>34,834,540</b>	<b>11,292,333</b>	<b>11,626,628</b>	<b>-</b>	<b>2,146,810</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	386,227	162,287	43,397	-	8,616,664
Debt service	-	-	-	7,156,786	-
Unreserved, designated, reported in:					
General fund	30,713,126	-	-	-	-
Special revenue funds	-	-	11,943,996	-	-
Capital projects funds	-	-	-	-	73,430,515
Unreserved, undesignated, reported in:					
General fund	-	-	-	-	-
Special revenue funds	-	85,765	-	-	-
Capital projects funds	-	-	-	-	-
<b>Total fund balances</b>	<b>31,099,353</b>	<b>248,052</b>	<b>11,987,393</b>	<b>7,156,786</b>	<b>82,047,179</b>
<b>Total liabilities and fund balances</b>	<b>\$ 65,933,893</b>	<b>\$ 11,540,385</b>	<b>\$ 23,614,021</b>	<b>\$ 7,156,786</b>	<b>\$ 84,193,989</b>

See accompanying Notes to Basic Financial Statements.

Major Funds						Total Governmental Funds	
Development Impact Fees	Development Cost Center	Recreation Services	Capital Maintenance	Financing Authority Debt Service	Non-major Funds	2009	2008
\$ 57,212,375	\$ 3,882,916	\$ 4,586,484	\$ -	\$ -	\$ 91,160,510	\$ 323,164,696	\$ 324,106,263
-	-	8,593	-	4,691,747	7,735,618	12,596,995	6,485,089
-	-	-	-	-	40,629	1,124,122	901,891
-	-	-	-	-	-	3,731,707	4,825,115
-	-	-	-	-	9,724,757	10,269,138	15,648,045
-	-	-	-	-	1,270,151	4,270,151	1,180,457
-	-	-	-	-	1,239,579	11,398,251	10,483,342
-	537,169	12,827	-	-	1,474,473	4,384,380	4,198,093
-	-	-	-	-	-	5,077,462	9,921,431
<u>\$ 57,212,375</u>	<u>\$ 4,420,085</u>	<u>\$ 4,607,904</u>	<u>\$ -</u>	<u>\$ 4,691,747</u>	<u>\$ 112,645,717</u>	<u>\$ 376,016,902</u>	<u>\$ 377,749,726</u>
\$ 190,350	\$ 45,336	\$ 148,721	\$ -	\$ -	\$ 4,667,595	\$ 9,403,479	\$ 12,642,226
-	-	-	-	-	-	28,000,000	19,720,000
-	585,204	226,857	-	-	100,280	4,771,943	5,465,546
-	-	-	-	-	-	24,544	-
-	-	-	-	-	5,077,462	5,077,462	9,921,431
-	-	-	-	-	-	11,158,849	9,847,880
-	-	-	-	-	-	3,000,000	1,500,000
-	1,971,191	819,469	-	-	2,802,420	15,098,919	13,846,800
<u>190,350</u>	<u>2,601,731</u>	<u>1,195,047</u>	<u>-</u>	<u>-</u>	<u>12,647,757</u>	<u>76,535,196</u>	<u>72,943,883</u>
557,127	1,820	-	-	-	25,990,421	35,757,943	59,672,153
-	-	-	-	4,691,747	1,762,600	13,611,133	11,669,386
-	-	-	-	-	-	30,713,126	35,524,862
-	1,816,534	3,412,857	-	-	30,439,270	47,612,657	55,781,769
56,464,898	-	-	-	-	45,528,493	175,423,906	153,637,169
-	-	-	-	-	-	-	793,355
-	-	-	-	-	(576,263)	(490,498)	(528,661)
-	-	-	-	-	(3,146,561)	(3,146,561)	(11,744,190)
<u>57,022,025</u>	<u>1,818,354</u>	<u>3,412,857</u>	<u>-</u>	<u>4,691,747</u>	<u>99,997,960</u>	<u>299,481,706</u>	<u>304,805,843</u>
<u>\$ 57,212,375</u>	<u>\$ 4,420,085</u>	<u>\$ 4,607,904</u>	<u>\$ -</u>	<u>\$ 4,691,747</u>	<u>\$ 112,645,717</u>	<u>\$ 376,016,902</u>	<u>\$ 377,749,726</u>

## Governmetal Funds Statements

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**City of Fremont**  
**Reconciliation of the Governmental Funds Balance**  
**to the Government-Wide Statement of Net Assets**  
**June 30, 2009**

(With comparative totals for June 30, 2008)

	2009	2008
<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 299,481,706</b>	<b>\$ 304,805,843</b>
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet, net of Internal Service Funds assets of \$19,580,043.	830,884,150	797,175,240
Interest payable on Tax Revenue Anticipation Notes (TRAN) and long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(4,330,024)	(3,377,732)
Deferred charges on bonds not recorded in the governmental funds, which were previously recorded as expenditures and amortized over the terms of the bonds.	1,654,377	1,253,798
Condemnation deposits reported as noncurrent assets, while reported as capital outlay in Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances.	15,000	908,853
Internal service funds are used to charge the costs of insurance and information technology to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets.	3,470,832	4,453,149
Other receivable is reported as deferred revenue in the Governmental Funds, but should be reflected as income in the Government-Wide Statement of Net Assets	580,699	580,699
Interest receivable is reported as deferred revenue in the Governmental Funds, but should be reflected as income in the Government-Wide Statement of Net Assets	10,709,678	8,887,526
Accruals for compensated absences are long term liabilities and are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(8,476,023)	(8,733,490)
Pollution remediation obligations are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(2,900,000)	-
Long-term debts are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(216,349,627)	(203,012,487)
<b>Government-wide Net Assets</b>	<b>\$ 914,740,768</b>	<b>\$ 902,941,399</b>

See accompanying Notes to Basic Financial Statements.

# City of Fremont

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	Major Funds				
	General	Redevelopment	Low and	Redevelopment	Redevelopment
	Fund	Agency	Moderate	Agency	Agency
		Operations	Income	Debt Service	Capital Projects
			Housing		
<b>REVENUES:</b>					
Property tax	\$ 62,833,077	\$ -	\$ 7,604,269	\$ 30,417,076	\$ -
Sales tax	31,631,408	-	-	-	-
Vehicle license fees	727,164	-	-	-	-
Intergovernmental	270,087	-	-	-	-
Business tax	7,009,869	-	-	-	-
Other taxes	3,704,507	-	-	-	-
Impact fees	-	-	-	-	-
Franchise fees	8,328,847	-	-	-	-
Charges for services	10,230,681	-	-	-	-
Investment earnings	2,728,483	132,164	335,799	437,640	1,553,343
Other	26,931	134,530	851,939	-	-
<b>Total revenues</b>	<b>127,491,054</b>	<b>266,694</b>	<b>8,792,007</b>	<b>30,854,716</b>	<b>1,553,343</b>
<b>EXPENDITURES:</b>					
Current:					
General government	11,711,458	-	-	-	-
Police services	53,781,714	-	-	-	-
Fire services	31,984,240	-	-	-	-
Human services	3,620,156	-	-	-	-
Capital assets maintenance and operations	19,461,844	-	-	-	-
Recreation and leisure services	-	-	-	-	-
Community development and environmental services	694,698	1,931,681	9,593,494	-	8,816,431
Intergovernmental	-	12,753,545	-	-	-
Capital outlay	772,930	-	-	-	5,699,759
Debt service:					
Principal	-	-	-	15,695,000	-
Interest and fiscal charges	1,265,989	-	73,569	1,385,842	-
<b>Total expenditures</b>	<b>123,293,029</b>	<b>14,685,226</b>	<b>9,667,063</b>	<b>17,080,842</b>	<b>14,516,190</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,198,025</b>	<b>(14,418,532)</b>	<b>(875,056)</b>	<b>13,773,874</b>	<b>(12,962,847)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Transfers in	6,760,897	14,803,147	-	8,686,945	8,500,000
Transfers out	(16,380,676)	(159,865)	(8,774,125)	(23,300,000)	-
Refunding of current debt	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(9,619,779)</b>	<b>14,643,282</b>	<b>(8,774,125)</b>	<b>(14,613,055)</b>	<b>8,500,000</b>
<b>Net change in fund balances</b>	<b>(5,421,754)</b>	<b>224,750</b>	<b>(9,649,181)</b>	<b>(839,181)</b>	<b>(4,462,847)</b>
<b>FUND BALANCES:</b>					
Beginning of year	36,521,107	23,302	21,636,574	7,995,967	86,510,026
End of year	<u>\$ 31,099,353</u>	<u>\$ 248,052</u>	<u>\$ 11,987,393</u>	<u>\$ 7,156,786</u>	<u>\$ 82,047,179</u>

Major Funds						Total Governmental Funds	
Development Impact Fees	Development Cost Center	Recreation Services	Capital Maintenance	Financing Authority Debt Service	Non-major Funds	2009	2008
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,649,050	\$ 103,503,472	\$ 98,144,859
-	-	-	-	-	-	31,631,408	35,583,842
-	-	-	-	-	-	727,164	938,566
-	-	-	-	-	32,373,889	32,643,976	52,363,648
-	-	-	-	-	-	7,009,869	7,508,481
-	-	-	-	-	-	3,704,507	4,273,581
4,104,115	-	-	-	-	-	4,104,115	11,012,026
-	-	-	-	-	-	8,328,847	7,953,642
-	8,460,039	4,593,976	-	-	7,626,148	30,910,844	31,599,774
1,128,972	222,171	109,262	-	743,576	1,368,741	8,760,151	16,955,191
-	-	137,507	-	-	2,309,875	3,460,782	3,980,839
5,233,087	8,682,210	4,840,745	-	743,576	46,327,703	234,785,135	270,314,449
-	-	-	-	-	-	11,711,458	12,628,762
-	-	-	-	-	791,677	54,573,391	52,837,739
-	-	-	-	-	726,755	32,710,995	30,364,662
-	-	-	-	-	4,962,770	8,582,926	8,565,647
1,327,376	-	-	-	-	15,280,295	36,069,515	42,341,852
-	-	6,876,778	-	-	-	6,876,778	6,188,443
-	10,678,721	-	-	-	10,645,389	42,360,414	29,316,813
-	-	-	-	-	-	12,753,545	10,170,059
4,278,429	5,373	-	-	-	28,562,145	39,318,636	57,959,324
-	-	-	-	4,475,000	220,000	20,390,000	10,300,000
-	-	-	-	5,686,377	1,824,113	10,235,890	8,186,907
5,605,805	10,684,094	6,876,778	-	10,161,377	63,013,144	275,583,548	268,860,208
(372,718)	(2,001,884)	(2,036,033)	-	(9,417,801)	(16,685,441)	(40,798,413)	1,454,241
-	-	-	-	76,360,000	16,000,000	92,360,000	-
-	-	-	-	96,980	256,685	353,665	-
-	2,870,436	2,746,169	-	8,291,563	19,071,891	71,731,048	124,375,710
(950,000)	(2,023,248)	(800,061)	(1,172,746)	(15,708,859)	(1,885,857)	(71,155,437)	(123,829,663)
-	-	-	-	(57,815,000)	-	(57,815,000)	-
(950,000)	847,188	1,946,108	(1,172,746)	11,224,684	33,442,719	35,474,276	546,047
(1,322,718)	(1,154,696)	(89,925)	(1,172,746)	1,806,883	16,757,278	(5,324,137)	2,000,288
58,344,743	2,973,050	3,502,782	1,172,746	2,884,864	83,240,682	304,805,843	302,805,555
\$ 57,022,025	\$ 1,818,354	\$ 3,412,857	\$ -	\$ 4,691,747	\$ 99,997,960	\$ 299,481,706	\$ 304,805,843

## City of Fremont

### Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	2009	2008
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (5,324,137)</b>	<b>\$ 2,000,288</b>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets additions recorded in the current period.	40,304,778	58,031,705
Condemnation deposit decrease due to land acquired and legal expenses paid during the year.	(893,853)	(568,741)
Contributions of infrastructure assets from developers not reported as revenue in governmental funds.	817,899	3,572,116
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, depreciation, net of \$456,692 from the Internal Service Funds is not reported as an expenditure in governmental funds.	(7,177,247)	(5,400,633)
Losses on the disposal of capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but do not require the use of current financial resources. Therefore, it is not reported as an expenditure in governmental funds.	(236,520)	(29,179)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets.	(92,360,000)	-
Premium from new debt issuance provides current financial resources to governmental funds but is amortized in the Government-Wide Statement of Activities and Changes in Net Assets.	(353,665)	-
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.	78,205,000	10,300,000
The net change in interest payable on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources.	(952,292)	(1,597,308)
Unamortized long term discount/premium is accrued in Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, unamortized long term discount/premium is not reported as an expenditure in governmental funds.	1,171,525	31,389
Prepaid bond issuance costs are amortized in Government-Wide Statement of Activities and Changes in Net Assets, but are reported as expenditures in governmental funds.	400,579	(131,485)
Internal service funds are used to charge the costs of insurance and information technology, to individual funds. The net revenue of the internal service funds is reported with governmental activities.	(982,317)	(902,451)
Increase/decrease in other receivable is reported in the Government-Wide Statement of Activities and Changes in Net Assets under full accrual basis of accounting but is recorded as deferred revenue under modified accrual for the Governmental Funds.	-	580,699
Increase/decrease in interest receivable is reported in the Government-Wide Statement of Activities and Changes in Net Assets under full accrual basis of accounting but is recorded as deferred revenue under modified accrual for the Governmental Funds.	1,822,152	1,400,268
Pollution remediation obligations are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(2,900,000)	
Changes in long term compensated absences in governmental activities are not reported in governmental funds	257,467	(434,678)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 11,799,369</b>	<b>\$ 66,851,990</b>

# Basic Financial Statements

## Proprietary Fund Financial Statements

**City of Fremont**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2009**

(With comparative totals for June 30, 2008)

	Internal Service	
	2009	2008
<b>ASSETS</b>		
Current assets:		
Cash and investments held by City	\$ 13,852,516	\$ 11,124,741
Other receivables	153,054	165,995
Total current assets	14,005,570	11,290,736
Noncurrent assets:		
Depreciable assets	8,757,117	8,392,376
Less accumulated depreciation	(6,004,074)	(5,538,888)
Land held for resale	2,821,430	2,821,430
Total noncurrent assets	5,574,473	5,674,918
<b>Total assets</b>	<b>19,580,043</b>	<b>16,965,654</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	595,255	261,680
Salaries and wages payable	128,195	119,660
Claims payable	4,442,000	3,920,000
Total current liabilities	5,165,450	4,301,340
Noncurrent liabilities:		
Claims payable	7,556,000	6,438,000
Net other post employment benefits liability	3,387,761	1,773,165
Total noncurrent liabilities	10,943,761	8,211,165
<b>Total liabilities</b>	<b>16,109,211</b>	<b>12,512,505</b>
<b>NET ASSETS</b>		
Invested in capital assets	2,753,043	2,853,488
Unrestricted	717,789	1,599,661
<b>Total net assets</b>	<b>\$ 3,470,832</b>	<b>\$ 4,453,149</b>

See accompanying Notes to Basic Financial Statements.



# City of Fremont

## Statement of Revenues, Expenses and Changes in Net Assets

### Proprietary Fund

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	Internal Service	
	2009	2008
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 14,367,201	\$ 13,787,614
Other	69,396	71,942
<b>Total operating revenues</b>	<b>14,436,597</b>	<b>13,859,556</b>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	3,245,091	3,145,241
Insurance premiums	797,734	1,183,294
Provision for claim losses	5,496,760	4,907,375
Claims administration	342,928	253,710
Materials and supplies	1,261,275	1,367,309
Depreciation	456,692	483,982
Other postemployment benefits	3,387,000	3,387,000
Other	77,240	75,040
<b>Total operating expenses</b>	<b>15,064,720</b>	<b>14,802,951</b>
<b>OPERATING LOSS</b>	<b>(628,123)</b>	<b>(943,395)</b>
<b>NONOPERATING REVENUES:</b>		
Investment income	221,418	470,231
<b>Total nonoperating revenues</b>	<b>221,418</b>	<b>470,231</b>
Contributed capital assets	-	116,760
Transfers in	57,037	20,373
Transfers out	(632,649)	(566,420)
<b>DECREASE IN NET ASSETS</b>	<b>(982,317)</b>	<b>(902,451)</b>
<b>NET ASSETS:</b>		
Beginning of year	4,453,149	5,355,600
End of year	<b>\$ 3,470,832</b>	<b>\$ 4,453,149</b>

See accompanying Notes to Basic Financial Statements.

# City of Fremont

## Statement of Cash Flows

### Proprietary Fund

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	Internal Service	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from users	\$ 14,380,142	\$ 13,785,015
Other revenue	69,396	71,942
Less: Payments to suppliers	(2,068,362)	(3,040,867)
Payments for employees services	(3,236,556)	(3,122,727)
Payments for claims paid	(3,856,760)	(3,608,240)
Payments for other post employment benefits	(1,772,404)	(1,613,835)
Payments to others	(77,240)	(75,040)
<b>Net cash provided by operating activities</b>	<b>3,438,216</b>	<b>2,396,248</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on cash and investments	221,418	470,231
<b>Net cash provided by investing activities</b>	<b>221,418</b>	<b>470,231</b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Acquisition of capital assets	(356,247)	(187,643)
<b>Net cash (used) by capital activities</b>	<b>(356,247)</b>	<b>(187,643)</b>
<b>CASH FLOWS FROM NONCAPITAL ACTIVITIES:</b>		
Transfers in	57,037	20,373
Transfers out	(632,649)	(566,420)
<b>Net cash (used) by noncapital activities</b>	<b>(575,612)</b>	<b>(546,047)</b>
<b>Net increase in cash and cash investments</b>	<b>2,727,775</b>	<b>2,132,789</b>
<b>CASH AND INVESTMENTS:</b>		
Beginning of year	11,124,741	8,991,952
End of year	\$ 13,852,516	\$ 11,124,741
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (628,123)	\$ (943,395)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	456,692	483,982
Changes in assets and liabilities:		
Other receivables	12,941	(2,599)
Accounts payable	333,575	75,581
Salaries and wages payable	8,535	22,514
Claims payable	1,640,000	987,000
Other post employment benefits payable	1,614,596	1,773,165
<b>Net cash provided by operating activities</b>	<b>\$ 3,438,216</b>	<b>\$ 2,396,248</b>

See accompanying Notes to Basic Financial Statements.

# Basic Financial Statements

## Fiduciary Funds Financial Statements

**City of Fremont**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**  
(With comparative totals for June 30, 2008)

	Total	
	2009	2008
<b><u>All Agency Funds</u></b>		
<b>Assets:</b>		
Cash and investments held by City	\$ 17,061,453	\$ 17,110,278
Restricted cash and investments held by City	2,019,526	2,080,370
Restricted cash and investments held by fiscal agent	10,362,980	11,724,259
Interest receivable	36,775	-
Accounts receivable	1,491,193	1,582,830
Other receivables	215,132	111,429
<b>Total assets</b>	<b>\$ 31,187,059</b>	<b>\$ 32,609,166</b>
<b>Liabilities:</b>		
Accounts payable	\$ 169,365	\$ 218,228
Cash overdraft	4,390	-
Deposits	31,013,304	32,390,938
<b>Total liabilities</b>	<b>\$ 31,187,059</b>	<b>\$ 32,609,166</b>

See accompanying Notes to Basic Financial Statements.

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Fremont, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### **Governmental Activities**

The City reports the following governmental activities:

General Government – These services are those that are associated with the general administration of the government. These services are primarily provided by the following offices/departments: City Council, City Manager, City Attorney, City Clerk, Finance, and Human Resources. These offices provide services that support external as well other internal government functions of the City.

Police Services – The Police Department is responsible for the safeguarding of citizens' lives and property, the preservation of constitutional rights, and neighborhood problem solving. These services also include the animal shelter and jail bookings.

Fire Services – The Fire Department is responsible for providing fire and life safety emergency services, including emergency response, paramedic services, public education, emergency-preparedness training and hazardous materials management services.

Human Services – The Human Services Department offers a range of services to the community, including a senior center, paratransit services, counseling, and support for seniors, families and youth.

Capital Asset Maintenance and Operations – These services include maintenance of the City's capital assets and infrastructure, such as public buildings, parks, streets and vehicles.

Recreation and Leisure Services – Services provided by the Parks and Recreation Department include both performing and visual arts, youth and adult sports, youth and early childhood enrichment programs, park visitor services, and management of the community centers, special facilities, and historic sites.

Community Development and Environmental Services – These services are provided by the Community Development Department and the Environmental Services Division of the Transportation and Operations Department and include community planning, engineering, code enforcement, building permit and inspection services, and environmental services that enhance and preserve a high quality living environment within the City.

Intergovernmental – In accordance with pass-through fiscal agreements with various taxing authorities, the Redevelopment Agency must claim 100% of its property tax increment for the redevelopment project areas and pass through contractually or statutorily determined amounts to other taxing authorities.



## Notes to Basic Financial Statements

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### *A. Financial Reporting Entity*

The City was incorporated in January 1956. The City has a council-manager form of government and provides a wide range of municipal services. These basic financial statements present the City and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following is a brief overview of the component units included in the accompanying basic financial statements of the City. Financial information for these component units can be obtained from the City's Finance Department.

*Redevelopment Agency of the City of Fremont (Agency)* – A separate governmental entity established for the purpose of redeveloping certain areas of the City through development of industrial parks, commercial areas, and new residential housing. Funds for redevelopment projects are provided from various sources, including incremental property tax revenues, tax allocation bonds and advances from the City. Separate financial statements for the Agency are available from the City's Finance Department.

*Fremont Public Financing Authority (Financing Authority)* – A joint powers authority formed by the City and the Agency, organized for the purpose of financing certain capital projects for the City or the Agency. Separate financial statements are not issued for the Financing Authority.

*Fremont Social Services JPA (Social Services JPA)* – A joint powers authority formed by the City and the Agency, organized for the purpose of facilitating the activities of the Family Resource Center. In 1998, the Social Services JPA entered into a 40-year lease with the City for the two buildings that house the Family Resource Center. The Social Services JPA has committed to subleasing this space to CDBG-eligible tenants at below-market rents over the 40-year lease term. Rents collected from CDBG-eligible tenants are used to make payments on the debt service obligations incurred in connection with the purchase of the buildings. Separate financial statements are not issued for the Social Services JPA.

The City Council serves in separate session as the governing body of the Agency, the Financing Authority, and the Social Services JPA. As a result, the financial activities of these entities are integrally related to those of the City and are "blended" with those of the City.

Other governmental agencies that provide services within the City include the following:

- Ohlone Community College District
- Fremont Unified School District
- Alameda County Flood Control & Water Conservation District
- Union Sanitary District
- Alameda County Water District
- East Bay Regional Park District
- Washington Township Hospital District and related organizations
- Alameda-Contra Costa Transit District

## Notes to Basic Financial Statements

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- Bay Area Rapid Transit District
- State of California
- County of Alameda

Financial information for the organizations listed on the prior page and above is not included in the accompanying basic financial statements because they have independently elected governing boards, their operations are separate from those of the City, and they are not financially dependent on the City.

### ***B. Basis of Accounting and Measurement Focus***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

### **Government – Wide Financial Statements**

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal service fund balances in the Statement of Net Assets have been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect), as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and aggregated

## Notes to Basic Financial Statements

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non-major funds. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that meet the criteria prescribed in GASB Statement No. 34.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The City reports the following major governmental funds:

General Fund – This fund is the City’s primary operating fund. It accounts for all financial resources and outlays of the general government. The fund receives the City’s discretionary funding sources (e.g., property tax, sales tax, charges for services, etc.) and uses its resources for the general operations of the City (e.g., police, fire, general government) not accounted for in other funds.

Redevelopment Agency Operations – This is the Redevelopment Agency’s operating fund and is funded with transfers from the Debt Service Fund. This fund records the administrative expenditures required to support the Agency’s capital projects and includes pass-through payments to other taxing entities and tax increment revenue shifted to the State’s Educational Revenue Augmentation Fund.

Low and Moderate Income Housing – This fund receives 20% of the Redevelopment Agency’s tax increment revenue as a set-aside for affordable housing developments.

Redevelopment Agency Debt Service Fund – This fund receives 80% of tax increment revenue to support the Agency’s non-housing redevelopment projects. Revenues are used to pay annual principal and interest charges on the Agency’s tax allocation bonds, and may also be transferred to the Agency’s Operations Fund or Capital Projects Fund, as needed.

Redevelopment Agency Capital Projects – This fund includes the remaining proceeds of the tax allocation bonds and tax increment revenues that are designated for the Agency’s non-housing projects. Expenditures are shown in the community development and capital outlay categories.

Development Impact Fees – This fund accounts for impact fees levied under California Government Code Sections 66000 et seq., “Fees for Development Projects” (commonly referred to as AB1600) and Section 66477 (commonly referred to as the Quimby Act). The City assesses fees for fire, capital facilities, traffic, park dedication in lieu, and park facilities. These fees are used to defray all or a portion of the cost of additional public facilities needed to provide service to new development.

Development Cost Center – This fund accounts for services related to planning, engineering and inspection of public and private development construction projects.

## Notes to Basic Financial Statements

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Recreation Services – This fund accounts for all recreation programs and services, including Central Park and activities of the community centers. Fees are generated from the various classes and programs offered to the public. All costs of these programs are funded from these fees and from resources provided by the General Fund.

Capital Maintenance – This fund accounted for maintenance activities related to the City's capital assets, including parks, streets, buildings, fleet, and urban forestry and was primarily supported by the General Fund. As of July 1, 2008, this fund was closed and these maintenance activities are now reported in the General Fund.

Financing Authority (Debt Service) – This fund accounts for the payment of principal and interest on certificates of participation. The proceeds of the debt were used to finance construction of capital facilities.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 90 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures and licenses and permits are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures or when monies are received before the related services are performed. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences between the integrated approach of GASB Statement No. 34 and the traditional approach of fund accounting.

### **Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred.

## Notes to Basic Financial Statements

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Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City reports the following proprietary fund:

*Internal Service* – These funds account for the Risk Management and Information Technology services provided to other City departments on a cost reimbursement basis, and to account for other post employment benefit obligations.

Internal service fund balances and activities have been combined with governmental activities in the government-wide financial statements.

### Fiduciary Funds Financial Statements

Fiduciary funds financial statements consist of a Statement of Net Assets. The City's fiduciary funds consist of agency funds, which are custodial in nature and do not involve measurement of results of operations. The agency funds use the accrual basis of accounting.

The City reports the following agency funds:

*Local Improvement Districts* – This fund accounts for the special assessment bonds issued by local improvement districts or community facility districts under various public improvement acts of the State of California and secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. Property owners are assessed their proportionate share, and the City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders and initiating foreclosure proceedings when necessary.

*Performance Bonds, Deposits and Confiscated Assets* – This fund accounts for bonds and deposits received in conjunction with construction activity within the City, assets confiscated by the police, and other deposits held by the City as a fiduciary.

*Tri-City Waste Facility Financing Authority* – This fund accounts for revenue bonds issued by the cities of Fremont, Newark and Union City for the closure of the Durham Road Landfill.

*Southern Alameda County GIS* – This fund accounts for monies collected from participating agencies for the administration of the Geographic Information System (GIS) through a JPA. The City is the administrator of the GIS, which serves the participating agencies. The parties to the JPA are the City of Fremont, City of Union City, City of Newark, Union Sanitary District, and Alameda County Water District.

### C. Cash and Investments

The City pools cash resources from all funds in order to facilitate and maximize the management of cash. The balance in the pooled cash account is available to meet current operating requirements.

## Notes to Basic Financial Statements

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Cash in excess of current requirements is invested in various interest-bearing accounts and other fixed income investments with varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an Amendment of GASB No. 3*, certain disclosures for deposits and investment risks are made in the following areas:

- » Interest Rate Risk
- » Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk

In addition, Note 2 provides additional information about the City's deposits and investments, highly (interest) sensitive investments, and the credit quality of the investments held at year-end.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of daily cash and investment balances.

The City participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. These structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Cash and cash equivalents are considered to be cash on hand, amounts in demand deposits and short-term investments with original maturities of three months or less from the date acquired by the City.

### ***D. Restricted Cash and Investments***

Certain restricted cash and investments are held by a fiscal agent or the City for the redemption of bonded debt and for acquisition and construction of certain capital projects.

### ***E. Interfund Transactions***

During the normal course of operations, the City has numerous transactions among funds. The significant interfund transactions that occurred during the year can be classified into two types:

Transfers – Transactions to allocate the occurrence of specific expenditures within the receiving fund. These transactions are recorded as transfers in and out in the year in which they are approved.



# Notes to Basic Financial Statements

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*Loans Between Funds* – Transactions to loan resources from one fund to another. The interfund loans will be paid back when permanent financing is obtained or definitive funding sources become available. Short-term loans are recorded as “due from other funds” in the disbursing fund and “due to other funds” in the receiving fund.

## F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure capital assets at \$25,000 and for all other capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets, as follows:

Buildings	50 years
Building Improvements	20 years
Machinery and Equipment	5 - 25 years
Infrastructure	15 - 100 years
Vehicles	5 - 27 years

The City defines infrastructure as the basic physical assets that allow the City to function. These assets include the street system, park and recreation lands and improvements system, storm water collection system, and site amenities associated with buildings, such as parking and landscaped areas, used by the City in the conduct of its business.

The City uses the modified approach, as defined by GASB Statement No. 34, for infrastructure reporting of its streets, concrete and asphalt pavements. For all other infrastructure systems, the City uses the basic approach, as defined by GASB Statement No. 34.

The City commissioned an appraisal of City-owned infrastructure and property as of December 31, 2001, and has completed internal updates for June 30, 2009. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line method, was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

## G. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers’ compensation claims. The estimated liability for workers’ compensation claims and general liability claims includes incurred but not reported (IBNR) claims. There is no fixed payment schedule to pay any of these liabilities.



### ***H. Compensated Absences***

In accordance with negotiated labor agreements, employees accumulate earned but unused vacation and other compensated leave, and sick pay benefits. There is no liability for unpaid accumulated sick leave because the City does not pay any amounts when employees separate from service with the City. All vacation and other compensated leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if it is expected to be settled with current financial resources.

### ***I. Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental-type funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### ***J. Net Assets and Fund Balances***

#### **Government-Wide Financial Statements**

In the government-wide financial statements, net assets are reported in one of three categories:

*Invested in Capital Assets, Net of Related Debt* – This category consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Assets* – External creditors, grantors, contributors, or laws or regulations of other governments restrict this amount.

*Unrestricted Net Assets* – This category consists of all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

#### **Fund Financial Statements**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans for future use of financial resources and are subject to change.

## Notes to Basic Financial Statements

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Reservations of fund balances of governmental funds are created to either a) satisfy legal covenants, including State laws, that require a portion of the fund balance be segregated or b) identify the portion of the fund balance not available for future expenditures. Designated fund balances represent tentative plans for future use of financial resources. Fund reservations and designations used by the City include the following:

- **Reserved for Encumbrances** represents commitments for materials and services on purchase orders and contracts, which are unperformed at year-end.
- **Reserved for Debt Service** is provided to set aside funds legally restricted for the payment of principal and interest on long-term debt.
- **Designated for Budget Uncertainty** represents the amounts set up as a hedge against the primary sources of uncertainty in the City's budgets and long-range financial plans.
- **Designated for Program Investment** represents amounts provided for new programs or enterprises that have the potential for costs to be covered by future revenues. This designation is funded at 2.5% of budgeted General Fund expenditures and transfers out, in accordance with Council policy.
- **Designated for Contingencies** is provided to set aside funds to meet costs associated with unforeseen events. This designation is funded at 12.5% of budgeted General Fund expenditures and transfers out, in accordance with Council policy.
- **Designated for Fair Value Adjustments** represents amounts provided for unrealized gains and losses as a result of changes in the fair market value of investments.
- **Designated for Vehicle Replacement** represents funds designated to cover the replacement cost associated with City-owned vehicles.
- **Designated for Capital Projects** represents funds set aside for capital projects as determined by City Council.
- **Designated for Specific Purposes** represents funds designated for other specific purposes.

### *K. Use of Restricted/Unrestricted Net Assets*

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

### *L. Property Tax*

Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. Property taxes go into a pool and are then allocated to cities based on complex formulas. Property taxes are collected by the Auditor-Controller of the County of Alameda (County) and are remitted upon collection to the various taxing

## Notes to Basic Financial Statements

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entities, including the City and the Agency. Accordingly, the City and the Agency accrue only those taxes that are received from the County within sixty days after year-end.

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

Valuation of secured property and establishment of a statutory tax lien occur as of January 1 prior to the tax year (the tax year is the July 1 – June 30 fiscal year of the State) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 31 of the tax year by the County Assessor.

Lien Date (Secured)	January 1
Levy Date	January 1
Secured Taxes – Due Date	November 1 and February 1
Secured Taxes – Delinquency Date	December 10 and April 10
Unsecured Taxes – Due Date	July 1
Unsecured Taxes – Delinquency Date	August 31

Neither the City nor the Agency has the ability to control the levy rate or the amount of property taxes remitted by the County because these are governed by State law.

### ***M. Use of Estimates***

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of revenues and expenses. Actual results could differ from these estimates and assumptions.

### ***N. Implementation of New GASB Pronouncements***

The City has implemented the following new Governmental Accounting Standards Board Statements:

- Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* - This Statement establishes accounting and financial reporting standards for pollution/contamination remediation obligations and remediation activities to address the detrimental effects of existing pollution.

## Notes to Basic Financial Statements

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- Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* – These statements incorporate certain accounting and financial reporting guidance for state and local governments into GASB’s authoritative literature.

### 2. CASH AND INVESTMENTS

The City maintains an internal cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled, and are reported as cash with fiscal agents.

Investment income earned on pooled cash and investments is allocated monthly to the various funds based on average daily cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

#### A. Authorized Investments

The City’s investment policy is adopted annually by the City Council in accordance with California Government Code Section 53601, and has as its objectives the following (in order of priority):

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in the portfolio’s composition.
- **Liquidity:** The portfolio shall remain sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Liquidity refers to the ability to sell an investment at any given moment with a minimal chance of losing some portion of principal or interest.
- **Yield:** The portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Under provisions of the City’s investment policy, the City may invest in the following types of investments:

- Bonds and notes issued by the City.
- U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- Registered state warrants or treasury notes or bonds issued by the State of California.

## Notes to Basic Financial Statements

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- Bonds, notes, warrants, or other evidence of debt issued by a local agency within the State of California with the highest credit rating (on the date of purchase) by two nationally recognized rating services.
- The Local Agency Investment Fund (LAIF) maintained by the State of California.
- Obligations issued by agencies or instrumentalities of the U.S. Government.
- Bankers' acceptances with a term not to exceed 180 days.
- Prime commercial paper with a term not to exceed 270 days and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation, on the date of purchase.
- Negotiable certificates of deposit issued by federally chartered or state-chartered banks or associations or by a state-licensed branch of a foreign bank.
- Repurchase agreements that comply with statutory requirements, are documented by a written agreement, are fully collateralized by delivery to an independent third-party custodian or the counter party's bank's trust department or safekeeping department, and are for a term of one year or less.
- Medium-term notes with a maximum maturity of five years issued by corporations organized and operating in the United States.
- Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations (e.g., money market mutual funds).
- Insured or collateralized time deposits or savings accounts secured in accordance with the provisions of Sections 53651 and 53652 of the California Government Code.
- Any pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond with a maximum maturity of five years.
- Guaranteed investment agreements for funds that can be invested longer than five years with final maturity not to exceed ten years.
- Other investments that are permitted by bond indenture agreements.

A five-year maximum maturity for each investment is allowed unless an extension of maturity is granted by the City Council.

In accordance with Section 53651 of the California Government Code, the City cannot invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued under the Investment Company Act of 1940 that are authorized investments under Section 53601 of the California Government Code.

## Notes to Basic Financial Statements

As of June 30, 2009, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>INVESTMENT MATURITIES (in years)</u>				
		<u>1 Year or Less</u>	<u>1-2 Years</u>	<u>2-3 Years</u>	<u>3-4 Years</u>	<u>4-5 Years</u>
U.S. Agencies	\$ 119,960,432	\$ 17,571,555	\$ 6,174,688	\$ 24,694,063	\$ 34,155,463	\$ 37,364,664
U.S. Treasuries	15,043,177	2,104,973	2,009,938	-	-	10,937,266
Domestic Banker's Acceptance	11,193,291	11,193,291	-	-	-	-
Commercial Paper	26,460,817	26,460,817	-	-	-	-
Medium Term Notes	39,443,071	3,028,390	4,370,639	14,477,135	9,471,808	8,095,100
Money Market Accounts	32,144,825	32,144,825	-	-	-	-
Pooled Accounts	108,163,501	108,163,501	-	-	-	-
Time Deposits	4,150,000	4,150,000	-	-	-	-
Total	\$ 356,559,115	\$ 204,817,353	\$ 12,546,264	\$ 39,171,197	\$ 43,627,271	\$ 56,397,030

The following is a summary of pooled cash and investments, including cash and investments with fiscal agent, at June 30, 2009.

	Government-Wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Totals
	Governmental Activities		
Investments	\$ 337,478,136	\$ 17,061,453	\$ 354,539,589
Restricted investments held by City	-	2,019,526	2,019,526
Subtotal	337,478,136	19,080,979	356,559,115
Checking account balance and petty cash	(460,924)	-	(460,924)
Total held by the City	337,017,212	19,080,979	356,098,191
Restricted cash and investments held by fiscal agent	12,596,995	10,362,980	22,959,975
Totals	\$ 349,614,207	\$ 29,443,959	\$ 379,058,166

### B. Deposits

At June 30, 2009, the carrying amount of the City's time and demand deposits was \$3,662,948. The difference between the bank balance of \$4,638,399 and the carrying amount resulted from outstanding checks and deposits in transit. Of the time deposits and demand deposits, \$1,000,000 was covered by federal depository insurance and \$3,638,399 was collateralized with securities held by the counter party or its agent in accordance with Section 53652 of the California Government Code. The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits, or by pledging first trust deed mortgage notes having a value of 150% of City's total deposits.

### C. Risk Disclosures

Restricted cash and investments held by fiscal agent in the Fremont Public Financing Authority Debt Service Fund are restricted for the payment of principal and interest on certificates of participation. In the government-wide funds, restricted cash and investments relates to



## Notes to Basic Financial Statements

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the 2003 and 2005 General Obligation bonds. In the fiduciary funds, restricted cash and investments relate to special assessment bonds and bonds issued by the Tri-City Waste Facility Financing Authority.

**Interest Rate Risk.** At June 30, 2009, the City held no investments that are “highly sensitive to interest rate fluctuations” as defined by GASB 40. As a means of limiting exposure to fair value losses arising from rising interest rates, the City’s investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2009, the City’s pooled cash and investments had the following maturities:

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	57%
One to two years	4%
Two to three years	11%
Three to four years	12%
Four to five years	16%

The weighted-average life of the portfolio was 585 days, without regard to call features of many of the bonds held in the portfolio.

**Credit Risk.** It is the City’s policy that commercial paper have a credit rating of A1 by Standard & Poor’s or P-1 by Moody’s Investors Service. Corporate bonds and medium-term notes must have a rating of A or better. Mutual funds and federal agency securities must have the highest rating issued by the nationally recognized statistical rating organizations. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments. The City’s investments in federally sponsored agencies are rated AAA by Standard & Poor’s and Moody’s Investors Service. Medium term notes and corporate bonds are rated from A to AAA by Standard & Poor’s and Moody’s Investors Service. Money market funds are rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Service. Time and demand deposits over \$100,000 are collateralized by the financial institution.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counter-party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds, time deposits, and LAIF, are held by a third-party custodian, Bank of New York Mellon (BNYM). BNYM is a registered member of the Federal Reserve Bank. The securities held by BNYM are in street name, and a customer number assigned to the City identifies ownership.

### **D. Fair Value Adjustment**

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City’s investments be carried at fair value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The total amount of the fair value gain adjustment as of June 30, 2009 was \$2,575,834.



## Notes to Basic Financial Statements

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At June 30, 2008, the total fair value gain adjustment was \$1,219,199. The change in value between the two periods amounted to an unrealized gain of \$1,356,635 for fiscal year 2008/09.

### *E. External Investment Pool*

The City invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool that is not rated. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

LAIF is part of the Pooled Money Investment Account (PMIA). PMIA oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. PMIB members are the State Treasurer, State Director of Finance, and State Controller. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members are qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city or local district or municipal corporation of this state.

The City values its investments in LAIF at amortized cost, which approximates the fair value.

The City's investments with LAIF at June 30, 2009, include a portion of pool funds invested in structured notes and asset-backed securities. These investments may include the following:

*Structured Notes* are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

*Asset-Backed Securities* entitle the purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (e.g., CMOs), small business loans, or credit card receivables.

As of June 30, 2009, the City had \$108,163,501 invested in LAIF, which had invested 14.71% of the pool's funds in structured notes and medium-term asset-backed securities.

## 3. RECEIVABLES

As of June 30, 2009, the City had the following receivables:

### *A. Housing Loans Receivable*

At June 30, 2009, the City was owed, in its Community Development Block Grant Fund, \$1,270,151, for various housing assistance loans made by the City. The terms of repayment are for 20 years at 5% interest per annum. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to these loans.

## Notes to Basic Financial Statements

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The Redevelopment Agency has a \$3 million HELP (Housing Enabled by Local Partnerships) Program loan payable to the California Housing Finance Authority. The first loan of \$1.5 million has a 10-year term and bears simple interest at 3% per annum. Payments are deferred for the term of the loan. The \$1.5 million principal and accrued interest are due September 1, 2010. The second \$1.5 million was received in November 2008. The loan has a 10-year term and bears simple interest at 3% per annum. The Redevelopment Agency has loaned the total of \$3 million to Allied Housing for the Main Street Village project. The Redevelopment Agency uses the HELP funds as a revolving loan fund, primarily for issuing short-term construction loans to affordable housing developers. The developer has 3 years to repay the loan at 3% simple interest per annum.

The City has issued various other housing loans that are expected to be forgiven in future years. As a result, the City has recorded an allowance in anticipation of the amount to be forgiven for loans receivable in the same amount as the outstanding principal on those loans, resulting in a zero balance in the basic financial statements. Interest on the loans is recorded as interest receivable with an offsetting amount of deferred revenue because the City's revenue recognition criteria have not been met. The cumulative amount of these loans as of June 30, 2009 is \$71,943,226 and the accumulated interest receivable is \$9,453,125.

### ***B. Interest Receivable***

Interest receivable at June 30, 2009 consists of the following:

Interest receivable on investments held by City	\$ 1,945,126
Interest on housing loans, home loans and rehabilitation loans receivable	<u>9,453,125</u>
Total governmental funds interest receivable	\$ 11,398,251
Interest receivable on fiduciary funds held by City	<u>36,775</u>
Total interest receivable	<u><u>\$ 11,435,026</u></u>

## Notes to Basic Financial Statements

### 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009, consists of the following:

	Balance June 30, 2008	Adjustments	Increase	Decrease	Transfers	Balance June 30, 2009
<b>Nondepreciable Assets:</b>						
Land	\$ 202,894,238	\$ 340,000	\$ 4,201,054	\$ -	\$ -	\$ 207,435,292
Land improvements	5,260,249	-	-	-	-	5,260,249
Infrastructure	367,125,191	-	16,850,605	-	57,499,282	441,475,078
Construction in progress	90,909,057	-	4,394,972	-	(78,872,641)	16,431,388
Total nondepreciable assets	666,188,735	340,000	25,446,631	-	(21,373,359)	670,602,007
<b>Depreciable Assets:</b>						
Building and improvements	145,595,542	-	12,097,146	-	16,138,791	173,831,479
Equipment	18,766,780	(13,862)	1,556,027	(5,506)	-	20,303,439
Vehicles	23,402,723	13,862	1,221,221	(1,865,720)	5,234,568	28,006,654
Infrastructure	321,244,825	-	817,899	-	-	322,062,724
Total depreciable assets	509,009,870	-	15,692,293	(1,871,226)	21,373,359	544,204,296
<b>Less Accumulated Depreciation For:</b>						
Building and improvements	(37,335,855)	-	(3,659,694)	-	-	(40,995,549)
Equipment	(12,899,440)	878	(1,509,342)	5,506	-	(14,402,398)
Vehicles	(15,409,131)	(878)	(1,803,143)	1,629,200	-	(15,583,952)
Infrastructure	(309,525,451)	-	(661,760)	-	-	(310,187,211)
Total accumulated depreciation	(375,169,877)	-	(7,633,939)	1,634,706	-	(381,169,110)
Total depreciable assets, net	133,839,993	-	8,058,354	(236,520)	21,373,359	163,035,186
Total capital assets, net	\$ 800,028,728	\$ 340,000	\$ 33,504,985	\$ (236,520)	\$ -	\$ 833,637,193

Depreciation expense was charged to functions and programs of the primary government, as follows:

<b>Governmental Activities:</b>	
General government	\$ 2,556,263
Police services	821,120
Fire services	1,605,663
Human services	31,552
Capital assets maintenance and operations	2,459,383
Recreation and leisure services	81,281
Community development and environmental services	78,677
Total depreciation expense, governmental activities	<u>\$ 7,633,939</u>

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Assets. The City elected to use the modified approach, as defined by GASB Statement No. 34, for infrastructure reporting for its pavement system. As a result, no accumulated depreciation expense has been recorded for this system. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets, including other infrastructure systems, are reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

## Notes to Basic Financial Statements

### 5. LONG-TERM DEBT

A summary of changes in governmental activities long-term debt and compensated absences for the year ended June 30, 2009, is as follows:

	Interest Rates	Amounts Outstanding June 30, 2008	Incurred or Issued	Satisfied or Matured	Amounts Outstanding June 30, 2009	Amounts Due Within One Year	Amounts Due in More than One Year
Redevelopment Agency							
Tax Allocation Bonds:							
Series 2003	1.80-4.40%	\$11,825,000	\$ -	\$(11,825,000)	\$ -	\$ -	\$ -
Series 2004	3.00-4.00%	29,940,000	-	(3,870,000)	26,070,000	3,985,000	22,085,000
Total tax allocation bonds		41,765,000	-	(15,695,000)	26,070,000	3,985,000	22,085,000
General Obligation Bonds:							
Fire Safety Bond 2003	1.00-4.40%	9,220,000	-	(220,000)	9,000,000	230,000	8,770,000
Fire Safety Bond 2005	3.50-5.00%	25,000,000	-	-	25,000,000	510,000	24,490,000
Fire Safety Bond 2009	2.00-6.00%	-	16,000,000	-	16,000,000	-	16,000,000
Total general obligation bonds		34,220,000	16,000,000	(220,000)	50,000,000	740,000	49,260,000
Certificates of Participation:							
1990 Public Financing Authority	Variable	3,850,000	-	(3,850,000)	-	-	-
1991 Public Financing Authority	Variable	3,600,000	-	(3,600,000)	-	-	-
1998 Public Financing Authority	Variable	10,560,000	-	(290,000)	10,270,000	305,000	9,965,000
1998 Public Financing Authority	3.80-4.75%	15,935,000	-	(595,000)	15,340,000	620,000	14,720,000
2001 Public Financing Authority	Variable	31,345,000	-	(805,000)	30,540,000	835,000	29,705,000
2001B Public Financing Authority	Variable	8,380,000	-	(380,000)	8,000,000	400,000	7,600,000
2002 Public Financing Authority	Variable	33,365,000	-	(33,365,000)	-	-	-
2003 Public Financing Authority	Variable	19,405,000	-	(19,405,000)	-	-	-
2008 Public Financing Authority	1.80-5.30%	-	27,675,000	-	27,675,000	845,000	26,830,000
2008 Public Financing Authority	Variable	-	48,685,000	-	48,685,000	400,000	48,285,000
Total certificates of participation		126,440,000	-	(62,290,000)	140,510,000	3,405,000	137,105,000
Total long-term debt		202,425,000	92,360,000	(78,205,000)	216,580,000	8,130,000	208,450,000
Unamortized long-term bond premium		587,487	(813,697)	(4,163)	(230,373)	(4,393)	(225,980)
Total long-term debt with unamortized bond premium		203,012,487	91,546,303	(78,209,163)	216,349,627	8,125,607	208,224,020
Compensated absences		8,733,490	6,795,327	(7,028,250)	8,500,567	2,143,550	6,357,017
Total long-term debt with unamortized bond premium and compensated absences		\$211,745,977	\$98,341,630	\$(85,237,413)	\$224,850,194	\$10,269,157	\$214,581,037

## Notes to Basic Financial Statements

Amounts of long-term debt payable in the government-wide financial statements are generally payable from amounts available in related debt service funds and from annual property tax and certain other revenues collected for the purpose of retiring the respective debt obligations.

The annual principal and interest requirements of long-term debt are as follows:

Year Ending June 30	Tax Allocation Bonds		General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 3,985,000	\$ 893,041	\$ 740,000	\$ 2,269,549	\$ 3,405,000	\$ 5,183,139
2011	4,110,000	761,419	1,055,000	2,248,378	3,625,000	5,044,389
2012	4,250,000	615,031	1,110,000	2,195,853	3,780,000	4,913,683
2013	4,400,000	455,500	1,165,000	2,145,678	3,960,000	4,758,824
2014	4,570,000	281,600	1,225,000	2,103,408	4,135,000	4,602,534
2015-2019	4,755,000	95,100	6,990,000	9,827,535	23,190,000	20,380,475
2020-2024	-	-	8,485,000	8,241,673	27,245,000	15,360,152
2025-2029	-	-	10,515,000	6,045,250	29,470,000	9,694,977
2030-2034	-	-	12,590,000	3,201,563	21,250,000	4,776,254
2034-2039	-	-	6,125,000	644,563	20,450,000	1,660,063
<b>Total</b>	<b>\$ 26,070,000</b>	<b>\$ 3,101,691</b>	<b>\$ 50,000,000</b>	<b>\$ 38,923,450</b>	<b>\$ 140,510,000</b>	<b>\$ 76,374,490</b>

### A. Defeased Debt

On September 16, 2008, the City issued \$27.7 million of fixed rate certificates of participation (COPs) with an average interest rate of 4.52% to refund three existing outstanding variable rate COPs issued in 1990, 1991, and 2003. On November 13, 2008, the City also issued \$48.9 million of variable rate COPs to refund the outstanding 2002 variable rate COP and acquire \$15.7 million of new project money to fund various capital projects. As a result, the 1990, 1991, 2002, and 2003 COPs are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

In 1990, the Fremont Park Facilities Corporation (FPFC), a non-profit entity created by the City, issued \$8.2 million in variable rate COPs, of which \$3.45 million was still outstanding. Debt service payments were secured by a lease/leaseback arrangement between the City and FPFC involving the Development Services Center located at 39550 Liberty Street, which has a current estimated value of about \$20.6 million. Property value securing this debt cannot be released without refunding the COPs. Similarly, the Fremont Public Financing Authority (PFA) (successor to the FPFC and now also the counterparty on the 1990 COPs) issued \$5.1 million in variable rate COPs in 1991, of which \$3.4 million was still outstanding. The security arrangements for these COPs involved Fire Stations 5 and 10, which together have a replacement cost value for the improvements alone of almost \$8.0 million.

In 2002, the PFA issued \$36.82 million in variable rate COPs, of which \$32.435 was still outstanding, to construct the Maintenance Center. Lease arrangements between the City and PFA involving Fire Station 9, located at 39609 Stevenson Place, and the Maintenance Center land located at 42551

## Notes to Basic Financial Statements

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Osgood Road, secure the debt service payments. The value of the Maintenance Center land and improvements on a replacement cost basis is estimated to be about \$29.0 million and the value of Fire Station 9 is about \$3.7 million.

In 2003, the PFA issued \$21.93 million in variable rate COPs, of which \$18.53 million was still outstanding, to refund prior debts issued to construct the Police Building and the Main Library. Leases on the Animal Shelter building located at 1950 Stevenson Place, the Senior Center building located at 40086 Paseo Padre Parkway, and the Main Library located at 2400 Stevenson Boulevard, secure the 2003 COP debt service payments. The value of the land and improvements leased to secure debt service payments exceeded \$49.0 million on a replacement cost basis.

Refunding the 1990 and 1991 COPs allowed for termination of the leases between the Fremont Public Financing Authority and the City. This will free property values for other uses, should the need arise. The primary reason to refund the 2002 and 2003 COPs was because their interest rates spiked to 10.0% since mid-June of 2008. Interest rates for these two variable rate COPs were generally very favorable (averaging less than 2.5%). However, these COPs owe their low interest rates to the AAA credit rating they received when issued, which was tied to their debt service payments being insured by a bond insurance company (Ambac) with aaa/AAA credit ratings. Unfortunately, Moody's and Standard and Poor's dropped Ambac's credit ratings to aa/AA in mid-June 2008 due to Ambac's exposure to residential mortgage defaults. The City's COPs were downgraded to match Ambac's new credit rating. Without these aaa/AAA credit ratings, the interest rate for these COPs (which reset each week) rose to 10.0% compared to non-Ambac insured variable rate COP interest rates of about 2.0%.

With the 2008 Variable and Fixed COP refunding, approximately \$50.6 million of property value has been released. The savings on the refunding of the 2002 and 2003 COP is approximately \$3.75 million per year in debt service at current interest rates, resulting in an economic gain of \$232,000.

On June 5, 2003, the Redevelopment Agency issued \$18,045,000 of federally taxable bonds with a final maturity date of September 1, 2012. The purpose of the issuance is to finance the Agency's project activities to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the project areas, fund a portion of the required reserve fund and cover costs of issuance of the bonds. The bonds are special obligations of the Redevelopment Agency payable only from housing set-aside revenues, reserve funds and from such other funds pledged under the indenture. Annual principal and interest payments on the bonds are expected to require less than 10 percent of total property tax increment revenue. In the first quarter of fiscal year 2008/09, the Redevelopment Agency prepaid \$2,560,000 in principal bearing an interest rate of 4.40% that was scheduled to mature in 2012 using unspent bond proceeds in order to achieve net interest savings. In the third quarter of fiscal year 2008/09, the Redevelopment Agency redeemed the entire remaining outstanding balance of \$7,075,000 to allow the Redevelopment Agency to pay off bonds bearing interest rate coupons of 3.90%, 4.20%, and 4.40%.

### ***B. Special Assessment Debt (No City Commitment)***

Special assessment bonds have been issued under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City is not liable for repayment and acts

## Notes to Basic Financial Statements

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only as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. These bonds are payable solely from assessments, specific reserves, and the proceeds from property foreclosures. As of June 30, 2009, special assessment and special tax bonded indebtedness (long-term and current portions) was approximately \$29,021,500, which was not recognized in the accompanying basic financial statements.

### ***C. Community Facilities District Special Tax Bonds (No City Commitment)***

Special tax bonds were issued under the Mello-Roos Community Facilities Act of 1982. The proceeds of the 2001 bonds are to be utilized to finance the acquisition of specified public capital improvements for the development of the District, known as Pacific Commons. The District is intended to be a business park with commercial and industrial facilities. The property owners, with Catellus Development Corporation (now ProLogis) as the master developer and majority landowner, are obligated to pay the interest and principal on the 2001 bonds through an annual levy pursuant to the Rate and Method of Apportionment approved by the City Council and the qualified elector of the District. The 2001 bonds are not a general debt liability of the City and are solely payable from the annual facilities special tax levy and the reserve fund. As of June 30, 2009, the 2001 bond indebtedness was \$29,495,000.

On June 26, 2005, the City Council approved the issuance of \$38,000,000 of Community Facilities District 1, Special Tax, Series B (Pacific Commons) bonds. These bonds were issued on July 21, 2005. The net proceeds of the Series B bonds will be used to reimburse the developer for the costs of specified public improvements that have been or are to be built or otherwise conveyed to public agencies in conjunction with the development of Pacific Commons. As of June 30, 2009, the 2005 bond indebtedness was \$38,000,000.

### ***D. Housing Enabled by Local Partnerships Loan***

The Redevelopment Agency has a \$3 million HELP (Housing Enabled by Local Partnerships) Program loan payable to the California Housing Finance Agency. The first loan of \$1.5 million has a 10-year term and bears simple interest at 3% per annum. Payments are deferred for the term of the loan. The \$1.5 million principal and accrued interest are due September 1, 2010. The second \$1.5 million was received in November 2008. The loan has a 10-year term and bears simple interest at 3% per annum. The Redevelopment Agency has loaned the total of \$3 million to Allied Housing for the Main Street Village project. The Redevelopment Agency uses the HELP funds as a revolving loan fund, primarily for issuing short-term construction loans to affordable housing developers. The developer has 3 years to repay the loan at 3% simple interest per annum.

### ***E. Compensated Absences***

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. The total of vacation and other compensated leaves is \$8,476,023. The City typically uses the General Fund to liquidate compensated absences.



### 6. POLLUTION REMEDIATION OBLIGATION

On July 18, 2002, the Redevelopment Agency entered into a service agreement for the performance of environmental, geophysical, engineering and geotechnical consulting services associated with the due diligence and remediation of potentially contaminated properties located within the City's redevelopment project areas. The majority of this work has been on the former Union Pacific Railroad property in Niles, which has been controlled by the Redevelopment Agency since January 2000, and owned since 2005. The Agency is required to secure approval from the California Department of Toxic Substances Control – the State agency overseeing the environmental cleanup of the Union Pacific Railroad property. The estimated cost for the cleanup of the Niles Town Plaza portion (Phase II) of the Union Pacific Railroad property is \$2,600,000. This estimate is preliminary in nature and could increase as more information becomes available. It is not clear whether the Redevelopment Agency will recover any of these costs.

The City currently leases property from the Alameda County Water District (ACWD) for the police firing range. ACWD plans to use the land for other purposes when the City lease expires. This project will remove the lead from the ACWD property at the termination of the lease. The lead cleanup is a residual item which still must be addressed to fulfill the City's lease obligations and is estimated to be \$300,000. It is not clear at this point whether there will be any cost recoveries.

### 7. RISK MANAGEMENT

The City is exposed to various exposures related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. Under the City's risk management program, the City retains risk for up to \$500,000 for each workers' compensation claim, \$500,000 for each general liability claim, and \$25,000 for each property claim. The liability for general liability claims and workers' compensation claims in excess of \$500,000 is discussed below.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk in the Risk Management Internal Service Fund. Charges to the General Fund and other funds are based on a percentage of payroll costs for general liability and a three year moving average cost of claims for workers' compensation. They are recorded in the funds as expenditures or expenses and revenues of the Risk Management Internal Service Fund.

The City retained an independent actuary in 2009 to perform an analysis of the City's potential liability for its retained risk portions of the general liability and workers' compensation programs. The amount recorded as a liability consists of the specific reserves (self-insured retention) for individual known claims or lawsuits and estimates for incurred but not reported claims. The present value of estimated outstanding losses is calculated using a 4.75% discount rate to reflect future investment earnings. There were no reductions in insurance coverage from the prior year and there were no insurance settlements that exceeded coverage in each of the past years.

## Notes to Basic Financial Statements

Changes in the balances of claim liabilities (shown as claims payable in the accompanying basic financial statements) during the past three fiscal years ended June 30, 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Balance, beginning of year	\$ 10,358,000	\$ 9,371,000	\$ 9,274,000
Provision for claims losses	5,496,760	4,595,240	4,911,365
Claims payments	(3,856,760)	(3,608,240)	(4,814,365)
Balance, end of year	<u>\$ 11,998,000</u>	<u>\$ 10,358,000</u>	<u>\$ 9,371,000</u>
Due in one year	\$ 4,442,000	\$ 3,920,000	\$ 3,629,000
Due in more than one year	7,556,000	6,438,000	5,742,000
Total claim liabilities	<u>\$ 11,998,000</u>	<u>\$ 10,358,000</u>	<u>\$ 9,371,000</u>

### A. Participation in Public Entity Risk Pools

In February 1986, the City joined with other municipalities and regional municipal joint powers authorities to form the California Joint Powers Risk Management Authority (CJPRMA), a public entity risk pool currently operating as a general liability risk management and insurance program for 22 member entities. The purpose of the CJPRMA is to spread the adverse effects of losses among the member agencies. General liability claims in excess of \$500,000 and up to \$40,000,000 per occurrence are covered by the CJPRMA. Five years after settlement of all claims for a program year, CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves.

Summary financial information for CJPRMA for the year ended June 30, 2008 (latest available date), is as follows:

Cash and investments	\$ 91,980,963
Premiums and fees receivable	1,191,820
Other assets	152,707
Total assets	<u>\$ 93,325,490</u>
Total reserves, unearned premiums and other liabilities	\$ 52,628,651
Net assets	<u>40,696,839</u>
Total liabilities and net assets	<u>\$ 93,325,490</u>
Net premiums earned	\$ 19,502,373
Loss provision and premiums paid	(15,495,089)
General and administrative expenses	(1,522,266)
Operating income	<u>2,485,018</u>
Investment income	<u>7,556,705</u>
Net income	<u>10,041,723</u>
Refunds to members	<u>(5,300,142)</u>
Change in net assets	<u>\$ 4,741,581</u>

## Notes to Basic Financial Statements

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The CJPRMA refunds excess contributions to members from time to time, based on the results of actuarial studies of each program year's claims experience. These refunds include cumulative earnings on program year contributions but may be reduced by amounts required to fund prior or subsequent year unfavorable claims experience.

The CJPRMA governing board consists of a representative from each member entity. All members have a single vote for policy and charter changes. An executive committee of seven is elected to handle administration. Complete financial statements for the CJPRMA can be obtained from CJPRMA, 2333 San Ramon Valley Blvd., Suite 250, San Ramon, California 94583.

In July 1992, the City joined with other municipalities and special districts to form the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), a public entity risk pool. In June 2006, the City withdrew from LAWCX and joined CSAC Excess Insurance Authority (CSAC). CSAC membership consists of 54 California counties and 152 organizations (cities, schools districts, special districts and other JPAs). Workers' compensation claims in excess of \$500,000 are covered by CSAC through reinsurance up to the limit of \$250,000,000.

Summary financial information for CSAC for the year ended June 30, 2008 (latest available date), is as follows:

Total cash and cash equivalents	\$46,769,645
Total other current assets	181,546,684
Total noncurrent assets	311,602,739
Total assets	<u>\$539,919,068</u>
Total current liabilities	\$111,509,290
Total noncurrent liabilities	290,698,960
Net assets	<u>137,710,818</u>
Total liabilities and nets assets	<u>\$539,919,068</u>
Total operating revenues	\$377,581,262
Total operating expenses	(380,899,512)
Total nonoperating revenue	29,924,931
Net income	<u>\$26,606,681</u>

Complete financial statements for CSAC can be obtained from CSAC Excess Insurance Authority. 3017 Gold Canal Drive, Rancho Cordova, California 95670.

## Notes to Basic Financial Statements

### 8. INTERFUND TRANSACTIONS

#### A. Interfund Receivables and Payables

Interfund receivables and payables represent short term loans owed by Non-major Governmental Funds to the General Fund for purposes of covering short term negative cash positions. These interfund transactions are routine year end adjustments. Interfund receivables and payables at June 30, 2009, were as follows:

	Due from	Due to	
		Non-Major Governmental Funds	
	General Fund	\$	5,077,462
	Total	\$	5,077,462

#### B. Interfund Transfers

The General Fund transfers resources to other funds to support activities that cannot be supported through fees, grants, or charges for service. These activities include capital projects, debt service, maintenance, and certain cost center operations. There are also a variety of additional transfers between the General Fund and other funds to cover such items as overhead and vehicle replacement charges.

Interfund transfers for the year ended June 30, 2009, were as follows:

		Transfers In											Total
		General		RDA	RDA	Development		Financing		Internal			
		Fund	Operations	Debt Service	Capital Projects	Cost Center	Recreation Services	Capital Maintenance	Authority Debt Service	Non-Major Funds	Service Funds		
Transfers Out	General Fund	\$ -	\$ 3,147	\$ -	\$ -	\$ 2,870,436	\$ 2,746,169	\$ 1,172,746	\$ 8,291,556	\$ 2,412,331	\$ 57,037	\$ 17,553,422	
	Redevelopment Operations Low and Mod. Income Housing	158,446	-	-	-	-	-	-	-	1,419	-	159,865	
	Redevelopment Debt Service	87,180	-	8,686,945	-	-	-	-	-	-	-	8,774,125	
	Development Impact Fees	-	14,800,000	-	8,500,000	-	-	-	-	-	-	23,300,000	
	Development Cost Center	950,000	-	-	-	-	-	-	-	-	-	950,000	
	Recreation Services	1,875,421	-	-	-	-	-	-	-	147,827	-	2,023,248	
	Capital Maintenance	760,471	-	-	-	-	-	-	-	39,590	-	800,061	
	Financing Authority	1,172,746	-	-	-	-	-	-	-	-	-	1,172,746	
	Non-Major Funds	859	-	-	-	-	-	-	-	15,708,000	-	15,708,859	
	Internal Service Funds	1,281,779	-	-	-	-	-	-	7	604,070	-	1,885,856	
	473,995	-	-	-	-	-	-	-	158,654	-	632,649		
Total		\$ 6,760,897	\$ 14,803,147	\$ 8,686,945	\$ 8,500,000	\$ 2,870,436	\$ 2,746,169	\$ 1,172,746	\$ 8,291,563	\$ 19,071,891	\$ 57,037	\$ 72,960,831	

## 9. FUND BALANCE RESERVATIONS AND DESIGNATIONS

Reservations of fund balances of governmental funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund balance be segregated or identify the portion of the fund balance not available for future expenditures. Designated fund balances represent tentative plans for future use of financial resources. Fund balance reservations and designations used by the City at June 30, 2009, are as follows:

Fund Balances:	General Fund	RDA Operations	Low & Mod. Income	RDA Debt Service	RDA Capital Projects	Development Impact Fees	Development Cost Center	Recreation	Financing Authority	Non-Major Funds	Total
Reserved for:											
Encumbrances	\$ 386,227	\$ 162,287	\$ 43,397	\$ -	\$ 8,616,664	\$ 557,127	\$ 1,820	\$ -	\$ -	\$ 25,990,421	\$ 35,757,943
Debt Service	-	-	-	7,156,786	-	-	-	-	4,691,747	1,762,600	13,611,133
Unreserved, designated, reported in:											
Budget Uncertainty	7,689,459	-	-	-	-	-	-	-	-	-	7,689,459
Program Investment	3,660,235	-	-	-	-	-	-	-	-	-	3,660,235
Contingencies	18,302,175	-	-	-	-	-	-	-	-	-	18,302,175
Fair Value Adjustment	1,061,257	(294)	73,400	-	301,157	406,978	23,496	(18,722)	-	728,562	2,575,834
Vehicle Replacement	-	-	-	-	-	-	-	-	-	2,802,312	2,802,312
Capital Projects	-	-	-	-	73,129,358	56,057,920	-	-	-	42,154,176	171,341,454
Specific Purposes	-	86,059	11,870,596	-	-	-	1,793,038	3,431,579	-	29,706,450	46,887,722
Unreserved, undesignated	-	-	-	-	-	-	-	-	-	(3,146,561)	(3,146,561)
Total Fund Balance	\$ 31,099,353	\$ 248,052	\$ 11,987,393	\$ 7,156,786	\$ 82,047,179	\$ 57,022,025	\$ 1,818,354	\$ 3,412,857	\$ 4,691,747	\$ 99,997,960	\$ 299,481,706

## 10. RETIREMENT BENEFITS

### A. California Public Employees' Retirement System

*Plan Description* – The City's defined benefit pension plans, City of Fremont Miscellaneous Plan and City of Fremont Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries through the California Public Employees' Retirement System (CalPERS). All regular City employees classified as full-time, as well as part-time regular and temporary City employees who work 1,000 or more hours per year, are required to participate in CalPERS. Benefits vest after five years of service.

City employees who retire at or after age 55 (50 for safety employees) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% for miscellaneous employees and 3% for safety employees of their highest annual salary for each year of service. The service retirement benefit for public safety is capped at 90% of final compensation. There is no cap on retirement benefits for miscellaneous employees. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

The City of Fremont Miscellaneous Plan and City of Fremont Safety Plan are part of the Public Agency portion of CalPERS, an agent multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

*Funding Policy* – Active plan members in the City of Fremont Miscellaneous Plan are required to contribute 8% of their annual covered salary. Active plan members in the City of Fremont Safety Plan are required to contribute 9% of their annual covered salary. The City is required to contribute

## Notes to Basic Financial Statements

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the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008/09 was 19.2% of covered payroll for miscellaneous employees and 29.1% of covered payroll for safety employees. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is actuarially established and may be amended by CalPERS.

*Annual Pension Cost* – For fiscal year 2008/09, the City’s annual pension cost was \$19,781,422, which was equal to the City’s required and actual contributions. The required contribution rate for fiscal year 2008/09 was determined as part of the June 30, 2006 actuarial valuation, which used the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (1) 7.75% investment rate of return (net of administrative expenses); (2) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and from 3.25% to 13.15% for safety members; (3) an inflation component of 3.0%, and (4) 3.25% annual cost-of-living adjustment for miscellaneous members and safety members. The actuarial values of the Miscellaneous and Safety Plans’ assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen-year period. CalPERS’ unfunded actuarial accrued liability (or surplus) is amortized as a level percentage of projected payrolls on a closed basis.

The amortization period at June 30, 2007, was 30 years for both miscellaneous and safety members for prior and current service unfunded liabilities.

Following is three-year trend information for both plans:

### Three-Year Trend Information for City of Fremont Miscellaneous Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 7,461,565	100%	-
6/30/08	8,434,409	100%	-
6/30/09	8,950,988	100%	-

### Three-Year Trend Information for City of Fremont Safety Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 8,943,586	100%	-
6/30/08	10,277,216	100%	-
6/30/09	10,830,434	100%	-

## Notes to Basic Financial Statements

### B. Funding Status as of the Most Recent Actuarial Valuation Date

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)  
FUNDING STATUS for *Miscellaneous Employees*  
As of June 30, 2008 Actuarial Valuation Date

Actuarial accrued liability (AAL)	\$289,675,184
Market value of assets	238,111,105
Unfunded actuarial accrued liability (UAAL)	\$51,564,079
Funded ratio	82.2%
Covered payroll	\$45,425,424
UAAL as a percentage of covered payroll	113.51%

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)  
FUNDING STATUS for *Safety Employees*  
As of June 30, 2008 Actuarial Valuation Date

Actuarial accrued liability (AAL)	\$396,575,949
Market value of assets	331,880,875
Unfunded actuarial accrued liability (UAAL)	\$64,695,074
Funded ratio	83.7%
Covered payroll	\$35,741,075
UAAL as a percentage of covered payroll	181.01%

## 11. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description – In addition to providing the retirement benefits described above, the City provides post-retirement healthcare benefits, in accordance with bargaining unit agreements, to qualified retired employees. Retirees must make an election within 90 days following the date of separation from City employment to be eligible for the benefit. The number of employees currently eligible to receive the benefit has increased from 568 in the previous year to 582 in the current year. The City reimburses all or part of premium payments for medical insurance. The reimbursement amount is subject to a negotiation process and varies by bargaining unit and retirement date. The benefit is paid monthly to the retiree subject to proof of coverage and attestation of premium payment. The benefit generally ceases upon death of the retiree. The total annual required contribution for June 30, 2009, was \$3,387,000.

Funding Policy – The City has established an internal service fund for these costs. Contributions to the internal service fund in excess of pay-as-you-go amounts will be made, as economic conditions permit.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the provisions of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:



## Notes to Basic Financial Statements

Annual required contribution	\$3,387,000
Interest on net OPEB obligation	-
Adjustment to the annual required contribution	-
Annual OPEB cost	\$3,387,000
Contributions made	\$1,773,000
Increase in net OPEB obligation	\$1,614,000
NET OPEB obligation – beginning of year	\$1,773,000
NET OPEB obligation end of year	\$3,387,000

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008/09 and the preceding year, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$3,387,000	\$1,773,000	52.3%	\$3,387,000
2008	\$3,387,000	\$1,614,000	47.7%	\$1,773,000

Funding Status and Funding Progress – As of June 30, 2006, the most recent actuarial valuation date, the funding status of the plan was as follows:

Actuarial accrued liability (AAL)	\$44,893,000
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	\$44,893,000
Funded ratio	0%
Covered payroll	\$68,332,000
UAAL as a percentage of covered payroll	65.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities, and the actuarial value of assets, consistent with the long-term perspective of the calculations.



In the June 30, 2006 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.75% investment rate of return. A 3.0% general rate of inflation was used, as well as 3.25% aggregate payroll increases. Healthcare cost trend rates were 11.0% and 12.0% for HMO and PPO plans, respectively. The amortization period used to calculate the ARC is a closed 30 years. There is no assumed post retirement benefit increase.

## 12. COMMITMENTS AND CONTINGENCIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

In a cooperation and financing agreement between the City and the Agency, the City and the Agency agree to share the costs of improvements for four freeway interchanges on Interstate 880. In a joint powers agreement with the City of Milpitas, California, the City of Milpitas has agreed to match the City and Agency's contribution towards the costs of improving one of these four freeway interchanges. As of June 30, 2009, the City and Agency had incurred cumulative project expenditures of \$67,164,920 for the four interchanges.

The Agency has entered into agreements with various taxing authorities whereby the Agency passes through a portion of its incremental tax received from the County for these taxing authorities. These payments are shown as intergovernmental expenditures in the accompanying basic financial statements. As of June 30, 2009, the total pass-through obligation of \$11,158,840 had not yet been paid. This amount is included in due to other governmental agencies in the accompanying basic financial statements.

### Housing Loan Commitments

The Agency has entered into loan commitments for the following affordable housing projects, which are funded through the Low and Moderate Income Housing Fund:

*Affirmed Housing – Maple Square Apartments* – To date, the Agency and the City have committed a total of \$13,002,961 to Maple Square Apartments, developed by Affirmed Housing Group/Fremont Family Housing Partners, L.P., in the Centerville Redevelopment Project Area. This loan commitment consists of \$12,706,961 of Agency affordable housing funds and \$296,000 of State Workforce Housing Reward Grant funds awarded to the City. The 132-unit affordable rental housing development for families opened in February 2007. As of June 30, 2009, \$12,602,961 had been disbursed, consisting of \$12,306,961 of Agency funds and \$296,000 of State grant funds. These loan funds were used for predevelopment, land acquisition, and development costs. In FY 2009/10, the developer is expected to request the remaining

## Notes to Basic Financial Statements

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\$400,000 Agency loan commitment balance, when the developer converts the construction loan to a permanent loan.

Eden Housing – Peralta Boulevard Senior Apartments – As of June 30, 2009, the Agency and the City have committed \$12,720,621 to Peralta Boulevard Senior Apartments. This combined predevelopment, acquisition, and development loan consists of \$10,832,464 of Agency affordable housing funds, \$1,400,000 of City federal HOME funds, and \$488,157 of City CDBG funds. Eden Housing, the developer, is planning to build a 98-unit senior housing rental development on a 2.98-acre site located in the Centerville Project Area. Eden acquired the site and the City Council approved the project during the fiscal year. As of June 30, 2009, \$9,226,564 has been disbursed, consisting of \$7,338,407 of Agency affordable housing funds, \$1,400,000 of HOME funds, and \$488,157 of CDBG funds.

Allied Housing – Main Street Village – As of June 30, 2009, the Agency and the City have committed \$3,595,000 to Allied Housing’s Main Street Village. These loan funds consist of \$395,000 of Agency affordable housing funds for predevelopment costs, \$3,000,000 of State HELP funds for site acquisition, and a \$200,000 City federal CDBG grant to fund a tenant services center and community center. Allied Housing plans to build a 64-unit supportive housing rental development on a 1.6-acre site located in the Irvington Project Area. The project site was acquired during the fiscal year. As of June 30, 2009, \$3,213,485 has been disbursed.

Fremont Vista Retirement Homes – In prior years, \$2,665,000 was approved by the Agency for development of a 100-unit senior rental assisted living facility on Mission Boulevard in Fremont, with the stipulation that 20 studio units be affordable, with rents controlled by an Agency regulatory agreement. As of June 30, 2009, \$2,470,000 has been disbursed. No additional funds are expected to be disbursed. In March 2007, the developer (Fremont Vista Retirement Homes, L.P.) defaulted on its first mortgage, which led to foreclosure. The loan was insured by HUD, which paid off the loan and then sold the property to Fremont Acquisition, L.L.C./Fremont Real Estate in February 2008. A deed in-lieu of foreclosure was filed by Fremont Acquisition, L.L.C., which relieved Fremont Vista Retirement Homes, L.P., of its obligations with respect to the property. The foreclosure action wiped out the Agency’s \$2,470,000 subordinated loan and released the new owner from any obligation to maintain the 20 affordable units. To date, the owner continues to maintain the affordable units and has not contacted the Agency to request a formal release from the Agency agreement.

With respect to the entire loan commitments described above, the Agency is repaid based on the type of loan and whether the affordable housing units are for-sale or rental. If it is an apartment project, borrowers agree to pay the Agency an amount equal to excess cash, which is defined as the operating revenue in excess of the amount required for operation of the development, including current debt service, other mortgage loans, property management fees, taxes, insurance, and other operating costs. In the event that excess cash is not generated, all loan principal and interest payments are deferred. If it is a short-term construction loan, borrowers agree to pay the Agency when permanent financing is in place. Loans issued for homeownership are generally repaid with interest at the time of sale or within a specified period or are issued as equity sharing loans. The Agency has not recorded receivables related to these agreements because the amount of the receivables is not currently available.

The Agency is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Agency's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Agency.

### **13. PLEDGES OF FUTURE REVENUES**

The Redevelopment Agency issued its Tax Allocation Bonds to revitalize blighted areas and to improve the housing stock available for low and moderate income families and individuals. Debt service is secured by property tax increments generated from the taxable properties within the redevelopment project areas.

#### ***A. Redevelopment Agency Tax Allocation Bonds (Housing Set-Aside), Series 2003***

On June 5, 2003, the Redevelopment Agency issued \$18,045,000 of federally taxable bonds with a final maturity date of September 1, 2012. The purpose of the issuance is to finance the Agency's project activities to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the project areas, fund a portion of the required reserve fund and cover costs of issuance of the bonds. The bonds are special obligations of the Redevelopment Agency payable only from housing set-aside revenues, reserve funds and from such other funds pledged under the indenture. Annual principal and interest payments on the bonds are expected to require less than 10 percent of total property tax increment revenue.

In the first quarter of fiscal year 2008/09, the Redevelopment Agency prepaid \$2,560,000 in principal bearing an interest rate of 4.40% that was scheduled to mature in 2012 using unspent bond proceeds in order to achieve net interest savings. In the third quarter of fiscal year 2008/09, the Redevelopment Agency redeemed the entire remaining outstanding balance of \$7,075,000, bearing interest rate coupons of 3.90%, 4.20%, and 4.40%.

#### ***B. Redevelopment Agency Tax Allocation Bonds, Series 2004***

On June 30, 2004, the Redevelopment Agency issued \$41,425,000 of Redevelopment Agency (Merged Redevelopment Project) Tax Allocation Bonds, Series 2004 under an Indenture of Trust dated June 1, 2004 by and between the Redevelopment Agency and Union Bank of California, N.A., as trustee. Interest rates on the 2004 Bonds range from 3% to 4%. The 2004 Bonds are special obligations of the Redevelopment Agency payable from and secured by tax revenues. The proceeds of the 2004 Bonds was used by the Redevelopment Agency to refund previously issued 2000 bonds, finance and refinance redevelopment activities, and finance costs of issuance of the 2004 Bonds. Annual principal and interest payments on the bonds are expected to require less than 20% of total property tax increment revenue. The total principal and interest remaining to be paid on the bonds is \$29,171,691. Principal and Interest paid for the current year was \$4,883,356 and total property tax increment revenue for the current year was \$30,417,076.

### 14. SUBSEQUENT EVENTS

Subsequent to June 30, 2009, the State of California (State) acted to borrow, to defer certain revenue payments and to take certain funds from local governments, including the City of Fremont. Included in the FY 2009/10 State budget package, adopted on July 28, 2009, are the following items:

- The suspension of Proposition 1A of 2004 in FY 2009/10, resulting in the State's borrowing \$1.9 billion (8%) of the amount of property tax revenue apportioned to cities, counties, and special districts. For the City of Fremont, that amount is \$5,630,991. The loan will be repaid with 2% simple interest by no later than June 30, 2013. On October 27, 2009, the City Council authorized the City's participation in the California Statewide Communities Development Authority (CSCDA) Property Tax Receivable Securitization Program, whereby the City securitized its receivable to secure the sale of bonds by CSCDA, the proceeds of which will be used to repay Program participants in FY 2009/10. The State will then repay the bondholders, rather than Program participants. The State's borrowing of property tax revenue, therefore, has no effect on the City's ability to fund appropriations in its FY 2009/10 budget.
- A two-year transfer of \$2.05 billion from all redevelopment agencies in California to fund county Supplemental Education Revenue Augmentation Funds. The amount of this take-away for the Agency is \$10,908,576 in FY 2009/10 and \$2,245,883 in FY 2010/11. On October 20, 2009, the California Redevelopment Association filed a lawsuit in Sacramento Superior Court seeking to invalidate this transfer and requesting a ruling before May 2010, the date redevelopment agencies must make their FY 2009/10 payments to the State. While there is no way to predict how long a court proceeding will take, given the magnitude of the State's action and the impact it will have on redevelopment agencies, the Agency is hopeful the court will rule sometime in early 2010.

# Required Supplementary Information

## 1. BUDGETARY INFORMATION

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's financial resources, as well as establishing that highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that communicates these priorities to the community, businesses, vendors, employees and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. The City Council adopts an annual budget by resolution prior to August 1 of each fiscal year. The annual budget indicates appropriations by fund or, in some instances, by program. The City Council may adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund.

The City Manager may also increase appropriations for operating expenditures for the Development Cost Center, Recreation Services Cost Center, and Human Services Department when quarterly fee or grant estimates in those funds exceed the amounts estimated at the time of budget adoption because of increased fee or grant activity. Any revisions or transfers that alter the total appropriations of other funds must be approved by the City Council.

- b. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the General and certain special revenue funds (Redevelopment Operations, Development Cost Center and Recreation Services). Project-length budgets are adopted for all capital projects funds, and either project-length budgets or non-appropriated financial plans are adopted for certain other special revenue funds (all special revenue funds except those specifically mentioned in the preceding sentence).
- c. Supplemental budgetary changes were adopted by the City Council during the year; however, these supplemental budgetary changes were not material in relation to the budget as originally adopted.

### Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

## Required Supplementary Information

Unexpended annual appropriations lapse at the end of the fiscal year; encumbered appropriations are re-budgeted in the next fiscal year. Unexpended capital improvement appropriations are carried forward until the improvements or programs are complete.

Following are the budget comparison schedules for the General Fund and applicable major special revenue funds for which an annual operating budget was adopted.

### *Budgetary Comparison Schedule, General Fund*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Fund Balance - Beginning	\$ 34,757,000	\$ 34,757,000	\$ 36,521,107	\$ 1,764,107
Resources (inflows):				
Property tax	62,593,924	62,593,924	62,833,077	239,153
Sales tax	37,460,000	37,460,000	31,631,408	(5,828,592)
Vehicle license fees	1,106,000	1,106,000	727,164	(378,836)
Intergovernmental	263,076	263,076	270,087	7,011
Business tax	7,337,000	7,337,000	7,009,869	(327,131)
Other taxes	4,955,000	4,955,000	3,704,507	(1,250,493)
Franchises	8,362,000	8,362,000	8,328,847	(33,153)
Charges for services	9,552,900	9,552,900	10,230,681	677,781
Investment earnings	2,408,000	2,408,000	2,728,483	320,483
Other	25,100	25,100	26,931	1,831
Operating transfers in	6,618,000	6,618,000	6,760,897	142,897
Total resources	140,681,000	140,681,000	134,251,951	(6,429,049)
Charges to appropriations (outflows):				
General government	14,326,911	12,415,586	11,711,458	704,128
Police services	55,490,073	55,873,767	53,781,714	2,092,053
Fire services	32,413,884	32,570,993	31,984,240	586,753
Human services	3,786,909	3,855,922	3,620,156	235,766
Capital assets maintenance and operations	21,316,560	21,419,951	19,461,844	1,958,107
Community development and environmental services	737,462	738,814	694,698	44,116
Capital outlay	-	772,930	772,930	-
Debt service:				
Interest and fiscal charges	1,115,000	1,115,000	1,265,989	(150,989)
Operating transfers out	17,795,018	18,240,492	16,380,676	1,859,816
Total charges to appropriations	146,981,817	147,003,455	139,673,705	7,329,750
Resources over (under) charges to appropriations	(6,300,817)	(6,322,455)	(5,421,754)	900,701
Fund Balance - Ending	\$ 28,456,183	\$ 28,434,545	\$ 31,099,353	\$ 2,664,808



## Required Supplementary Information

### Budgetary Comparison Schedule, Redevelopment Operations

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Fund Balance - Beginning	\$ 314,933	\$ 314,933	\$ 23,302	\$ (291,631)
Resources (inflows):				
Investment earnings	800,000	800,000	132,164	(667,836)
Other	-	-	134,530	134,530
Operating transfers in	12,000,000	14,803,147	14,803,147	-
Total resources	12,800,000	15,603,147	15,069,841	(533,306)
Charges to appropriations (outflows):				
Intergovernmental	9,600,000	12,753,545	12,753,545	-
Community development	1,624,983	1,931,681	1,931,681	-
Operating transfers out	209,050	209,050	159,865	49,185
Total charges to appropriations	11,434,033	14,894,276	14,845,091	49,185
Resources over (under) charges to appropriations	1,365,967	708,871	224,750	(484,121)
Fund Balance - Ending	\$ 1,680,900	\$ 1,023,804	\$ 248,052	\$ (775,752)

### Budgetary Comparison Schedule, Development Cost Center

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Fund Balance - Beginning	\$ 3,575,000	\$ 3,575,000	\$ 2,973,050	\$ (601,950)
Resources (inflows):				
Charges for services	11,968,851	11,980,099	8,460,039	(3,520,060)
Investment earnings	368,000	368,000	222,171	(145,829)
Operating transfers in	2,534,000	2,875,128	2,870,436	(4,692)
Total resources	14,870,851	15,223,227	11,552,646	(3,670,581)
Charges to appropriations (outflows):				
Community development and environmental services	12,945,747	13,286,874	10,684,094	2,602,780
Operating transfers out	2,229,233	2,229,233	2,023,248	205,985
Total charges to appropriations	15,174,980	15,516,107	12,707,342	2,808,765
Resources over (under) charges to appropriations	(304,129)	(292,880)	(1,154,696)	(861,816)
Fund Balance - Ending	\$ 3,270,871	\$ 3,282,120	\$ 1,818,354	\$ (1,463,766)



## Required Supplementary Information

### *Budgetary Comparison Schedule, Recreation Services*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Fund Balance - Beginning	\$ 3,460,693	\$ 3,460,693	\$ 3,502,782	\$ 42,089
Resources (inflows):				
Charges for services	5,012,795	5,012,795	4,593,976	(418,819)
Investment earnings	216,040	216,040	109,262	(106,778)
Other	196,177	233,336	137,507	(95,829)
Operating transfers in	2,709,001	2,746,159	2,746,169	10
Total resources	8,134,013	8,208,330	7,586,914	(621,416)
Charges to appropriations (outflows):				
Recreation and leisure services	7,411,016	7,448,174	6,876,778	571,396
Operating transfers out	867,757	867,757	800,061	67,696
Total charges to appropriations	8,278,773	8,315,931	7,676,839	639,092
Resources over (under) charges to appropriations	(144,760)	(107,601)	(89,925)	17,676
Fund Balance - Ending	\$ 3,315,933	\$ 3,353,092	\$ 3,412,857	\$ 59,765

## 2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE

In accordance with GASB Statement No. 34, the City accounts for and reports infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system; parks and recreation land and improvements; the storm water collection system; and site amenities associated with buildings such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system is further divided into subsystems. For example, the street system is divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the modified approach, as defined by GASB Statement No. 34, for the roads and streets networks. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- The City manages the eligible infrastructure capital assets using an asset management system with the following characteristics: (1) maintain an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate the annual amount needed to maintain and preserve the assets at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

## Required Supplementary Information

City-owned streets are defined as all physical features associated with the operation of motorized vehicles that exist within the limits of the City rights of way. The City streets are constructed primarily of asphalt pavement. Further, the streets are classified based on land use, access and traffic utilization into the following three classifications: (1) arterial/major, (2) collector and (3) residential/local.

In 2009, the City commissioned a study to update the physical condition assessment of all City arterial, collector and residential streets. The prior assessment study of the City arterial and collector streets was completed in 2006. Before that, the entire City road network, including residential streets, was inspected and rated in 2004.

The condition assessments will continue to be performed every two to three years for arterials and collectors and every five years for residential streets. Every street is inspected and the physical condition is recorded based on a system of 17 defined pavement distress conditions. For each street in the network, the Pavement Condition Index (PCI), a nationally recognized index, is calculated based on the inspection data. The PCI is expressed as a rating from 0 to 100, where 0 is the least acceptable condition and 100 is the rating for a street in excellent condition or a new street. The following conditions are defined with the corresponding PCI rating ranges:

Condition	PCI Rating
Excellent	86–100
Good	70–85
Fair	50–69
Poor	25–49
Very Poor	<25

Through June 30, 2009, the City's policy was to achieve an average rating of 70 for all streets. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2009, the City's overall street system was rated at a PCI index of 64 with the detail condition as follows:

Condition	PCI Rating	% of Streets	
		June 30, 2009	June 30, 2008
Good to Excellent	70–100	47%	59%
Fair	50–69	28%	20%
Substandard to Poor	0–49	25%	21%

The City's streets are constantly deteriorating due to the following four factors: (1) traffic using the streets, especially trucks and buses; (2) the sun's ultraviolet and infrared rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests' trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities, such as pothole patching, street sweeping, and curb and gutter repair.

## Required Supplementary Information

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On November 3, 2009, recognizing the significant budget challenges the City expects to continue to face as a result of the recession that occurred in the early part of this decade, followed by an even more severe recession currently, the City Council approved a change in the City's policy for its target PCI rating. Accordingly, commencing with FY 2009/10, the City's policy is to achieve an average rating of at least 50 for all streets. This lowered rating will result in there being more pavement throughout the street network that exhibit distress. Pavement distress ranges from surface types such as cracking and raveling to the more serious load related distresses, such as alligator cracking, rutting and potholes. In addition, the number of streets falling from the "poor" to "very poor" condition categories will grow and represent a larger percentage of the pavement network.

In total, the City expended \$5,916,134 on street maintenance for the fiscal year ended June 30, 2009. These expenditures delayed deterioration; however, the overall rating of the City's streets was not improved through these maintenance expenditures. A table of the previously estimated annual amounts required to maintain and preserve City streets at the then current PCI level compared to the actual expenditures for street maintenance and actual PCI levels for the last five years is as follows.

Fiscal Year	Maintenance Estimate	Actual Expenditure	Overall City PCI Rating
2004/05	\$ 5,500,000	\$ 384,506	71
2005/06	6,200,000	323,178	70
2006/07	10,800,000	5,199,654	68
2007/08	12,000,000	5,839,171	67
2008/09	12,000,000	5,916,134	64

The City currently estimates that \$15,500,000 will be required to be expended annually to maintain the City's streets at today's average PCI rating of 64. The change in the PCI between 2007/08 and 2008/09, and the change in the amount estimated to maintain the current PCI level is explained as a result of two factors.

First, the current inspection of City residential streets was completed in June 2009. The previous inspection of City residential streets took place in 2004. Between then and now, the deterioration of residential streets has accelerated due to the further aging and failure of older maintenance treatments such as slurry seals, revealing the defects in structure of the underlying streets. Also, preventative maintenance of residential streets continues to be deferred on a year over year basis due to the higher priority for arterials and collectors, which receive a higher volume of traffic at higher speeds and present a greater liability to the City. Because residential streets comprise the majority of the streets in Fremont, being nearly 45% of the total street network, the overall PCI is adversely affected by this deferred maintenance.

The City has an on-going street rehabilitation program funded in the Capital Improvement Program that is intended to at least maintain the condition rating of City streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System (PMS). As of June 30, 2009, approximately 53% of the City's streets were rated below the average standard of 70, a large increase from 2007/08, when the percentage of streets rated below 70 was 41%. The City will continue to rehabilitate these streets as funds permit.

### 3. SCHEDULE OF FUNDING PROGRESS

A schedule of funding progress for the year ended June 30, 2008, including the past three actuarial valuations, is presented below:

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)  
SCHEDULE OF FUNDING PROGRESS  
Miscellaneous Employees

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
06/30/2006	\$ 193,579,760	\$ 249,738,009	\$ 56,158,249	77.5%	\$ 40,981,091	137.03%
06/30/2007	214,181,444	269,353,315	55,171,871	79.5%	43,330,638	127.33%
06/30/2008	238,111,105	289,675,184	51,564,079	82.2%	45,425,424	113.51%

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)  
SCHEDULE OF FUNDING PROGRESS  
Safety Employees

Actuarial Valuation Date*	Market Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2006	\$281,612,246	\$345,024,916	\$ 63,412,670	81.6%	\$ 32,720,037	193.80%
6/30/2007	303,498,048	368,678,266	65,180,218	82.3%	32,940,052	197.88%
6/30/2008	331,880,875	396,575,949	64,695,074	83.7%	35,741,075	181.01%

OTHER POST EMPLOYMENT BENEFITS (OPEB)  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2006	\$ -	\$ 44,893,000	\$ 44,893,000	0.0%	\$ 68,332,000	65.70%

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# Supplementary Information

## Non-Major Governmental Funds

## Description – Special Revenue Funds

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### SPECIAL REVENUE FUNDS

**Special Revenue Funds** are used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government. The individual special revenue funds are as follows:

***Community Development Block Grant*** – This fund accounts for grants from the U.S. Department of Housing and Urban Development for the primary purpose of developing viable urban communities.

***HOME Grant*** – This fund accounts for monies received under the HOME Investment Partnership Act. HOME funds can be used to acquire, rehabilitate, finance, and construct affordable housing and provide tenant-based rental assistance.

***HUD/HOPE Grant*** – This fund accounts for monies received through the Housing Authority of Alameda County from the Department of Housing and Urban Development (HUD) for special Housing Opportunities for the People Everywhere (HOPE) grant. Case management is provided to enable functionality impaired older persons to obtain services that promote and maintain their optimum levels of functioning.

***HUD/SHP Grant*** – This fund accounts for funds from the Department of Housing and Urban Development to implement the Homeless Outreach for People Empowerment project.

***Multi-family Housing*** – This fund accounts for fees received for monitoring the Residential Mortgage Loan Program.

***Older Americans Grant*** – This fund accounts for federal grant monies received under the Older Americans Act. Case management is provided to enable functionality impaired older persons to obtain services.

***Tri-City Elders*** – The Tri-City Elders Coalition works to identify and effectively meet the needs of seniors to enable them to remain independent in their own homes and communities. This is accomplished through advocacy, education, resource coordination and information sharing.

***Senior Services*** – This fund accounts for revenues and expenditures for programs conducted by the Senior Citizens Center.

***Multipurpose Senior Services Program (MSSP)*** – This fund accounts for monies received from the State Department of Aging (via Federal pass-thru) to provide services aimed at allowing frail elders to remain in their homes.

***Area Agency on Aging MSSP*** – This fund accounts for monies received from the State Department of Aging (via County pass-thru) to provide services aimed at allowing frail elders to remain in their homes.

***Alameda County Senior Mobile Mental Health*** – This fund accounts for the monies received from Alameda County Behavioral Health Care Services Department to support a multi-disciplinary team approach to mobile mental health services provided to homebound isolated seniors.

***Family Resource Center*** – This fund accounts for monies received for leases at the Family Resource Center. This revenue is used for maintenance and operating costs of the center.



## Description – Special Revenue Funds

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**Haas Grant** – This fund accounts for monies from the Evelyn and Walter Haas, Jr. Fund for the Family Resource Center. Funds are used for several FRC program areas.

**Youth Service Center** – This fund accounts for Youth Service Center grants received from the State Council for Criminal Justice.

**Every Child Counts Grant** – This fund accounts for monies allocated through Alameda County from State Proposition 10 (tobacco taxes) to support early childhood programs in Youth and Family Services.

**Alameda Behavioral Health Care** – This fund accounts for the monies used to support a multi-disciplinary team approach to family support at the Family Resource Center.

**Measure B** – Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. This fund accounts for the portion of these monies used to partially fund the City's paratransit program.

**Human Services Miscellaneous** – This fund accounts for donations that support Human Services Departments programs, as well as, small grants given to Human Services by private contributors.

**Integrated Waste Management** – This fund accounts for monies received by the City to comply with the provisions of AB939 for the purpose of addressing recycling, household hazardous waste and solid waste management issues. These revenues may only be spent for integrated waste management and waste reduction programs.

**Urban Runoff** – The Clean Water Fee special assessment funds the Urban Runoff Clean Water Program. This program is based on the Stormwater Management Plan of the Alameda Countywide Clean Water Program. The plan is required for and a part of the National Pollutant Discharge Elimination System permit. Included in the plan are tasks for municipalities to carry out, including public information, municipal maintenance activities, new development requirements, illicit discharge elimination, industrial discharge identification and control, monitoring and special studies.

**Traffic Safety OTS** – This fund accounts for monies received from the State. "Avoid the 21" is working on reducing alcohol involved fatalities and injuries, and raising general public awareness regarding the problems associated with drinking and driving.

**Abandoned Vehicle** – This fund accounts for monies received by the City under California Vehicle Code Sections 9250.7 and 22710 and is used for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.

**Narcotics Asset Seizure** – This fund accounts for assets confiscated by the City and by the Southern Alameda County Narcotics Enforcement Team (SACNET), which consists of police officers from the cities of Fremont, Newark and Union City. These assets may only be used for future narcotics investigations.

**COPS AB3229** – This fund accounts for State funds distributed by the County for front-line law enforcement services, including anti-gang and community crime prevention programs.

**Justice Assistance Grant** – This fund accounts for federal pass through money and allows states, tribes and local government to support a broad range of activities to prevent and control crime

## Description – Special Revenue Funds, Debt Service Funds

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based on their local needs and conditions, such as initiatives technical assistance, training personnel, and equipment supplies.

***Law Enforcement Grant*** – This fund accounts for federal monies to be spend for crime reduction, to improve public safety, and for other programs, such as substance abuse prevention and treatment programs.

***Inclusionary Housing In Lieu*** – This fund accounts for payments received from developers. The Inclusionary Housing Program requires a minimum amount of affordable housing to be created in conjunction with market rate residential development.

***Metropolitan Medical Response System (MMRS)*** – This fund accounts for federal grants to fund the purchase of anti-terrorism equipment, medications and training and exercise for terrorism responses.

***Miscellaneous Federal Grants*** – This fund accounts for federal monies received for various individual federal grants that require Single Audit.

***Miscellaneous State Support*** – This fund accounts for one-time miscellaneous funds received from State agencies.

***Traffic Congestion AB2928*** – This fund accounts for monies provided by State legislation to be used for street improvements, and/or projects specified in the Assembly Bill. The bill also requires a Maintenance of Effort (MOE) from the General Fund over a 3-year period.

***State Gas Tax*** – This fund accounts for monies apportioned to the City from State-collected gasoline taxes. The annual allocation may be spent for street maintenance or construction. Funds are apportioned by the State on the basis of population.

***Proposition 1B Local Streets and Roads*** – This fund provides bond monies provided by State legislation to cities for maintenance and improvement of local transportation facilities.

***County Support for City Streets*** – This fund received and expends the money allocated from Alameda County as the City's share of the State gasoline taxes allocated for County roads.

***Maintenance District*** – This fund accounts for lighting and landscape maintenance activities in new subdivisions within the City. These activities are funded by special assessments on property within the benefited area.

## DEBT SERVICE FUNDS

**Debt Service Funds** are used to record the accumulation of resources for, and the payment of, principal, interest and fiscal charges on general long-term debt. The individual debt service funds are as follows:

***Fire General Obligation Bonds*** – Voters of the City of Fremont approved Measure R in the November 2002 election, which authorizes the City to issue \$51 million in general obligation bonds to provide funding to replace three fire stations, build a public safety training center, and make remodeling and seismic improvements to seven existing fire stations. To date, \$51 million of these bonds have been issued: (1) Series A for \$10 million was issued on July 17, 2003, (2) Series B, for \$25 million was issued on April 14, 2005, (3) and \$15 million, was issued on February 11, 2009.

### CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition or construction of major capital facilities and improvements. The specific capital project funds are listed below:

***Transportation Development Act*** – This fund accounts for funds received under the Transportation Development Act (Article 3) to be used for street construction projects.

***Miscellaneous State Grants Capital*** – This fund accounts for one-time miscellaneous funds received from State agencies.

***Interchange Construction*** – This fund accounts for construction of Interstate 880 interchange at Fremont Boulevard, Mission Boulevard, Auto Mall Parkway and Dixon Landing Road.

***Vehicle Replacement*** – This fund accounts for vehicle acquisitions.

***Capital Improvement*** – By Council resolution, this fund can be used only to finance capital improvements for the City, including the acquisition, construction, and initial equipping of parks, recreation areas, public safety facilities, or other public works projects. Amounts in this fund are received as transfers from the General Fund, as interest earned on invested cash balances, as proceeds from the sale of certain parcels of land, or as proceeds of debt.

***Capital Improvement Outside Sources*** – This fund accounts for contributions received from other outside sources that are intended to help fund specific capital projects.

***Measure B*** – Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. This fund accounts for that portion of these monies used to fund transportation-related capital projects.

***Intermodal Surface Transportation Efficiency Act (ISTEA)*** – ISTEA was created in 1991 to provide federal funding for transportation projects. It replaces the Federal Aid Urban Program. Among ISTEA's many programs, three provide capital improvement funds for local governments. These programs are known as the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, and the Transportation Enhancement Activity Program. Funds are applied for on a project-by-project basis.

***Traffic System Management*** – This fund received monies from the Bay Area Quality Management District under AB434. The fund's expenditures relate to the implementation of the City's trip reduction ordinance – a State-mandated activity.

***Fire General Obligation Bonds*** – This fund accounts for debt proceeds used for the construction, remodeling, or improvements of fire stations.

**City of Fremont**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2009**  
(With comparative totals for June 30, 2008)

	Special Revenue Funds				
	Community Development Block Grant	HOME Grant	HUD/HOPE Grant	HUD/SHP Grant	Multi-family Housing
<b>ASSETS</b>					
Cash and investments held by City	\$ -	\$ -	\$ 6,211	\$ -	\$ 81,381
Restricted cash and investments held by fiscal agent	-	-	-	-	-
Receivables:					
Property tax	-	-	-	-	-
Due from other governmental agencies	1,193,469	1,430,591	-	131,684	-
Housing rehabilitation loans, net	1,270,151	-	-	-	-
Accrued interest	103,167	1,069,597	-	58,024	-
Other	-	29,925	-	-	-
<b>Total assets</b>	<b>\$ 2,566,787</b>	<b>\$ 2,530,113</b>	<b>\$ 6,211</b>	<b>\$ 189,708</b>	<b>\$ 81,381</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 331,188	\$ -	\$ -	\$ 46,692	\$ 8,500
Salaries and wages payable	9,379	-	-	-	3,236
Due to other funds	866,500	1,456,831	-	84,992	-
Deferred revenue	1,359,720	1,069,597	-	58,024	134
<b>Total liabilities</b>	<b>2,566,787</b>	<b>2,526,428</b>	<b>-</b>	<b>189,708</b>	<b>11,870</b>
<b>Fund Balances:</b>					
Reserved for encumbrances	454,424	58,502	-	6,963	-
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated:					
Specific purposes	-	-	6,211	-	69,511
Capital projects	-	-	-	-	-
Undesignated	(454,424)	(54,817)	-	(6,963)	-
<b>Total fund balances</b>	<b>-</b>	<b>3,685</b>	<b>6,211</b>	<b>-</b>	<b>69,511</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,566,787</b>	<b>\$ 2,530,113</b>	<b>\$ 6,211</b>	<b>\$ 189,708</b>	<b>\$ 81,381</b>

Special Revenue Funds							
Older Americans Grant	Tri-City Elders	Senior Services	Multipurpose Senior Services Program	Area Agency on Aging MSSP	Alameda County Senior Mobile Mental Health	Family Resource Center	Haas Grant
\$ -	\$ 106,438	\$ 178,126	\$ -	\$ -	\$ -	\$ 3,987,204	\$ 3,584
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,599	-	-	94,162	27,227	45,167	16,145	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
23,770	-	176,472	-	40,878	61,511	130,522	-
<u>\$ 26,369</u>	<u>\$ 106,438</u>	<u>\$ 354,598</u>	<u>\$ 94,162</u>	<u>\$ 68,105</u>	<u>\$ 106,678</u>	<u>\$ 4,133,871</u>	<u>\$ 3,584</u>
\$ -	\$ 7,393	\$ 35,209	\$ 5,829	\$ 8,983	\$ 3,393	\$ 18,732	\$ -
-	-	13,919	-	-	-	30,785	-
26,369	-	-	88,333	55,558	103,285	-	-
-	-	184,810	-	-	-	-	-
<u>26,369</u>	<u>7,393</u>	<u>233,938</u>	<u>94,162</u>	<u>64,541</u>	<u>106,678</u>	<u>49,517</u>	<u>-</u>
-	5,448	16,146	24,885	-	1,175	1,676	-
-	-	-	-	-	-	-	-
-	93,597	104,514	-	3,564	-	4,082,678	3,584
-	-	-	-	-	-	-	-
-	-	-	(24,885)	-	(1,175)	-	-
<u>-</u>	<u>99,045</u>	<u>120,660</u>	<u>-</u>	<u>3,564</u>	<u>-</u>	<u>4,084,354</u>	<u>3,584</u>
<u>\$ 26,369</u>	<u>\$ 106,438</u>	<u>\$ 354,598</u>	<u>\$ 94,162</u>	<u>\$ 68,105</u>	<u>\$ 106,678</u>	<u>\$ 4,133,871</u>	<u>\$ 3,584</u>

(Continued)

**City of Fremont**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2009**  
(With comparative totals for June 30, 2008)

	Special Revenue Funds				
	Youth Service Center	Every Child Counts Grant	Alameda Behavioral Health Care	Measure B	Human Services Miscellaneous
<b>ASSETS</b>					
Cash and investments held by City	\$ -	\$ 209,179	\$ -	\$ 24,296	\$ 450,558
Restricted cash and investments held by fiscal agent	-	-	-	-	-
Receivables:					
Property tax	-	-	-	-	-
Due from other governmental agencies	8,997	22,212	65,753	136,254	-
Housing rehabilitation loans, net	-	-	-	-	-
Accrued interest	-	-	-	-	-
Other	13,173	327,171	17,290	-	-
<b>Total assets</b>	<u>\$ 22,170</u>	<u>\$ 558,562</u>	<u>\$ 83,043</u>	<u>\$ 160,550</u>	<u>\$ 450,558</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4,120	\$ 150	\$ -	\$ 49,338	\$ (9)
Salaries and wages payable	-	-	-	998	-
Due to other funds	18,050	-	83,043	-	-
Deferred revenue	-	1,614	-	-	-
<b>Total liabilities</b>	<u>22,170</u>	<u>1,764</u>	<u>83,043</u>	<u>50,336</u>	<u>(9)</u>
<b>Fund Balances:</b>					
Reserved for encumbrances	23	2,296	-	2,068	-
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated:					
Specific purposes	-	554,502	-	108,146	450,567
Capital projects	-	-	-	-	-
Undesignated	(23)	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>556,798</u>	<u>-</u>	<u>110,214</u>	<u>450,567</u>
<b>Total liabilities and fund balances</b>	<u>\$ 22,170</u>	<u>\$ 558,562</u>	<u>\$ 83,043</u>	<u>\$ 160,550</u>	<u>\$ 450,558</u>

Special Revenue Funds							
Integrated Waste Management	Urban Runoff	Traffic Safety OTS	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	Justice Assistance Grant	Law Enforcement Technology
\$ 5,485,755	2,351,415	\$ -	\$ -	\$ 676,476	\$ 92,964	\$ -	\$ -
-	-	-	-	33,306	-	-	-
-	8,762	-	-	-	-	-	-
36,171	-	-	40,000	-	-	528	7,519
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
345,974	-	-	-	-	-	-	-
<u>\$ 5,867,900</u>	<u>\$ 2,360,177</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 709,782</u>	<u>\$ 92,964</u>	<u>\$ 528</u>	<u>\$ 7,519</u>
\$ 235,291	\$ 26,886	\$ -	\$ -	\$ 3,689	\$ 87,813	\$ -	\$ 3,096
27,562	14,191	-	-	210	-	-	-
-	-	-	40,000	-	-	528	4,423
108,884	-	-	-	-	-	-	-
<u>371,737</u>	<u>41,077</u>	<u>-</u>	<u>40,000</u>	<u>3,899</u>	<u>87,813</u>	<u>528</u>	<u>7,519</u>
261,161	254,120	-	-	-	-	-	33,976
-	-	-	-	-	-	-	-
5,235,002	2,064,980	-	-	705,883	5,151	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(33,976)
<u>5,496,163</u>	<u>2,319,100</u>	<u>-</u>	<u>-</u>	<u>705,883</u>	<u>5,151</u>	<u>-</u>	<u>-</u>
<u>\$ 5,867,900</u>	<u>\$ 2,360,177</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 709,782</u>	<u>\$ 92,964</u>	<u>\$ 528</u>	<u>\$ 7,519</u>

(Continued)



**City of Fremont**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2009**  
(With comparative totals for June 30, 2008)

	Special Revenue Funds				
	Inclusionary Housing In Lieu	Metropolitan Medical Response System	Miscellaneous Federal Grants	Miscellaneous State Support	Traffic Congestion AB2928
<b>ASSETS</b>					
Cash and investments held by City	\$ 284,167	\$ 7,844	\$ 336,393	\$ -	\$ 578,017
Restricted cash and investments					
held by fiscal agent	-	-	-	-	-
Receivables:					
Property tax		-	-	-	-
Due from other governmental agencies	-	397,449	-	47,428	434,548
Housing rehabilitation loans, net	-	-	-	-	-
Accrued interest	-	-	-	-	-
Other	-	-	-	156,362	-
<b>Total assets</b>	<u>\$ 284,167</u>	<u>\$ 405,293</u>	<u>\$ 336,393</u>	<u>\$ 203,790</u>	<u>\$ 1,012,565</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 7,870	\$ 302	\$ 12,536	\$ 4,326
Salaries and wages payable	-	-	-	-	-
Due to other funds	-	-	-	191,254	-
Deferred revenue	-	-	19,637	-	-
<b>Total liabilities</b>	<u>-</u>	<u>7,870</u>	<u>19,939</u>	<u>203,790</u>	<u>4,326</u>
<b>Fund Balances:</b>					
Reserved for encumbrances	-	-	-	-	-
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated:					
Specific purposes	284,167	397,423	316,454	-	1,008,239
Capital projects	-	-	-	-	-
Undesignated	-	-	-	-	-
<b>Total fund balances</b>	<u>284,167</u>	<u>397,423</u>	<u>316,454</u>	<u>-</u>	<u>1,008,239</u>
<b>Total liabilities and fund balances</b>	<u>\$ 284,167</u>	<u>\$ 405,293</u>	<u>\$ 336,393</u>	<u>\$ 203,790</u>	<u>\$ 1,012,565</u>

Special Revenue Funds				Total Non-major Special Revenue Funds	Debt Service Fund		Capital Project Funds
State Gas Tax	Prop 1B Local Streets & Roads	County Support for City Street	Maintenance District		Fire General Obligation Bonds	Total Non-major Debt Service	Transportation Development Act
\$ 9,055,245	\$ 5,488,026	\$ 18,926	\$ 209,969	\$ 29,632,174	\$ 1,732,248	\$ 1,732,248	\$ -
-	-	-	-	33,306	-	-	-
-	-	-	1,015	9,777	30,852	30,852	-
269,650	-	-	-	4,407,553	-	-	26,251
-	-	-	-	1,270,151	-	-	-
-	-	-	-	1,230,788	-	-	-
42,283	-	-	-	1,365,331	-	-	-
<u>\$ 9,367,178</u>	<u>\$ 5,488,026</u>	<u>\$ 18,926</u>	<u>\$ 210,984</u>	<u>\$ 37,949,080</u>	<u>\$ 1,763,100</u>	<u>\$ 1,763,100</u>	<u>\$ 26,251</u>
\$ 91,905	\$ -	\$ -	\$ 12,981	\$ 1,006,213	\$ -	\$ -	\$ 160
-	-	-	-	100,280	-	-	-
-	-	-	-	3,019,166	-	-	26,091
-	-	-	-	2,802,420	-	-	-
<u>91,905</u>	<u>-</u>	<u>-</u>	<u>12,981</u>	<u>6,928,079</u>	<u>-</u>	<u>-</u>	<u>26,251</u>
35,131	-	-	-	1,157,994	500	500	-
-	-	-	-	-	1,762,600	1,762,600	-
9,240,142	5,488,026	18,926	198,003	30,439,270	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(576,263)	-	-	-
<u>9,275,273</u>	<u>5,488,026</u>	<u>18,926</u>	<u>198,003</u>	<u>31,021,001</u>	<u>1,763,100</u>	<u>1,763,100</u>	<u>-</u>
<u>\$ 9,367,178</u>	<u>\$ 5,488,026</u>	<u>\$ 18,926</u>	<u>\$ 210,984</u>	<u>\$ 37,949,080</u>	<u>\$ 1,763,100</u>	<u>\$ 1,763,100</u>	<u>\$ 26,251</u>

(Continued)

**City of Fremont**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2009**  
(With comparative totals for June 30, 2008)

	Capital Project Funds				
	Miscellaneous				
	State				
	Grants	Interchange	Vehicle	Capital	Capital
	Capital	Construction	Replacement	Improvement	Improvement -
					Outside Sources
<b>ASSETS</b>					
Cash and investments held by City	\$ -	\$ 7,738,884	\$ 4,700,943	\$ 25,942,093	\$ 2,535,610
Restricted cash and investments					
held by fiscal agent	-	-	-	7,692,250	-
Receivables:					
Property tax	-	-	-	-	-
Due from other governmental agencies	1,902,602	-	-	-	1,007,758
Housing rehabilitation loans, net	-	-	-	-	-
Accrued interest	-	-	-	-	-
Other	-	-	-	102,100	7,042
<b>Total assets</b>	<b>\$ 1,902,602</b>	<b>\$ 7,738,884</b>	<b>\$ 4,700,943</b>	<b>\$ 33,736,443</b>	<b>\$ 3,550,410</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 177,808	\$ -	\$ 8,600	\$ 1,288,571	\$ 569,510
Salaries and wages payable	-	-	-	-	-
Due to other funds	1,724,794	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>1,902,602</b>	<b>-</b>	<b>8,600</b>	<b>1,288,571</b>	<b>569,510</b>
<b>Fund Balances:</b>					
Reserved for encumbrances	1,083,351	-	1,578,498	6,063,509	422,611
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated:					
Specific purposes	-	-	-	-	-
Capital projects	-	7,738,884	3,113,845	26,384,363	2,558,289
Undesignated	(1,083,351)	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>7,738,884</b>	<b>4,692,343</b>	<b>32,447,872</b>	<b>2,980,900</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,902,602</b>	<b>\$ 7,738,884</b>	<b>\$ 4,700,943</b>	<b>\$ 33,736,443</b>	<b>\$ 3,550,410</b>

Measure B	Capital Project Funds			Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	Intermodal	Traffic	Fire General			
	Surface	System	Obligation			
	Transportation	Management	Bonds		2009	2008
Efficiency Act						
\$ 3,748,464	\$ -	\$ -	\$ 15,130,094	\$ 59,796,088	\$ 91,160,510	\$ 83,385,157
-	-	-	10,062	7,702,312	7,735,618	2,918,116
-	-	-	-	-	40,629	-
1,946,474	407,055	27,064	-	5,317,204	9,724,757	15,276,139
-	-	-	-	-	1,270,151	1,180,457
-	-	-	8,791	8,791	1,239,579	1,042,669
-	-	-	-	109,142	1,474,473	1,356,770
<u>\$ 5,694,938</u>	<u>\$ 407,055</u>	<u>\$ 27,064</u>	<u>\$ 15,148,947</u>	<u>\$ 72,933,537</u>	<u>\$ 112,645,717</u>	<u>\$ 105,159,308</u>
\$ 653,264	\$ 126,708	\$ -	\$ 836,761	\$ 3,661,382	\$ 4,667,595	\$ 6,528,560
-	-	-	-	-	100,280	89,588
-	280,347	27,064	-	2,058,296	5,077,462	9,921,431
-	-	-	-	-	2,802,420	2,494,183
<u>653,264</u>	<u>407,055</u>	<u>27,064</u>	<u>836,761</u>	<u>5,719,678</u>	<u>12,647,757</u>	<u>19,033,762</u>
6,929,925	174,959	-	8,579,074	24,831,927	25,990,421	31,809,175
-	-	-	-	-	1,762,600	3,673,419
-	-	-	-	-	30,439,270	27,806,150
-	-	-	5,733,112	45,528,493	45,528,493	34,966,579
(1,888,251)	(174,959)	-	-	(3,146,561)	(3,722,824)	(12,129,777)
<u>5,041,674</u>	<u>-</u>	<u>-</u>	<u>14,312,186</u>	<u>67,213,859</u>	<u>99,997,960</u>	<u>86,125,546</u>
<u>\$ 5,694,938</u>	<u>\$ 407,055</u>	<u>\$ 27,064</u>	<u>\$ 15,148,947</u>	<u>\$ 72,933,537</u>	<u>\$ 112,645,717</u>	<u>\$ 105,159,308</u>
(Concluded)						

# City of Fremont

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	Special Revenue Funds				
	Community Development Block Grant	HOME Grant	HUD/HOPE Grant	HUD/SHIP Grant	Multi-family Housing
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	26,223
Intergovernmental	2,355,047	1,464,690	-	265,838	-
Investment earnings	-	-	-	-	885
Other	48,981	-	-	-	-
<b>Total revenues</b>	<u>2,404,028</u>	<u>1,464,690</u>	<u>-</u>	<u>265,838</u>	<u>27,108</u>
<b>EXPENDITURES:</b>					
Current:					
Police services	-	-	-	-	-
Fire services	-	-	-	-	-
Human services	295,371	-	-	-	25,500
Capital assets maintenance and operations	-	-	-	-	-
Community development and environmental services	2,102,335	1,444,837	-	263,485	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<u>2,397,706</u>	<u>1,444,837</u>	<u>-</u>	<u>263,485</u>	<u>25,500</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,322</u>	<u>19,853</u>	<u>-</u>	<u>2,353</u>	<u>1,608</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt proceeds	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(6,322)	(19,853)	-	(2,353)	(3,060)
<b>Total other financing sources (uses)</b>	<u>(6,322)</u>	<u>(19,853)</u>	<u>-</u>	<u>(2,353)</u>	<u>(3,060)</u>
<b>Net change in fund balances</b>	-	-	-	-	(1,452)
<b>FUND BALANCES:</b>					
Beginning of year	-	3,685	6,211	-	70,963
End of year	<u>\$ -</u>	<u>\$ 3,685</u>	<u>\$ 6,211</u>	<u>\$ -</u>	<u>\$ 69,511</u>

Special Revenue Funds							
Older Americans Grant	Tri-City Elders	Senior Services	Multipurpose Senior Services Program	Area Agency on Aging MSSP	Alameda County Senior Mobile Mental Health	Family Resource Center	Haas Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,550	175,618	-	-	20,632	846,713	-
42,379	-	-	235,675	143,200	373,304	210,130	-
-	1,560	216	-	-	-	77,548	-
-	30,085	282,188	-	-	-	122,005	-
42,379	38,195	458,022	235,675	143,200	393,936	1,256,396	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
42,379	44,368	794,336	224,347	137,774	381,184	664,007	-
-	-	-	-	-	-	28,989	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	55,888	-
42,379	44,368	794,336	224,347	137,774	381,184	748,884	-
-	(6,173)	(336,314)	11,328	5,426	12,752	507,512	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	473,237	-	-	-	156,706	-
-	-	(18,550)	(11,328)	(5,426)	(12,752)	(846,496)	-
-	-	454,687	(11,328)	(5,426)	(12,752)	(689,790)	-
-	(6,173)	118,373	-	-	-	(182,278)	-
-	105,218	2,287	-	3,564	-	4,266,632	3,584
\$ -	\$ 99,045	\$ 120,660	\$ -	\$ 3,564	\$ -	\$ 4,084,354	\$ 3,584

(Continued)

# City of Fremont

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds, Continued

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	Special Revenue Funds				
	Youth Service Center	Every Child Counts Grant	Alameda Behavioral Health Care	Measure B	Human Services Miscellaneous
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	738,443	-	15,770	-
Intergovernmental	402,710	87,407	231,016	725,985	22,372
Investment earnings	-	-	-	12	-
Other	-	-	-	-	106,270
<b>Total revenues</b>	<b>402,710</b>	<b>825,850</b>	<b>231,016</b>	<b>741,767</b>	<b>128,642</b>
<b>EXPENDITURES:</b>					
Current:					
Police services	-	-	-	-	-
Fire services	-	-	-	-	-
Human services	402,710	643,871	228,688	825,163	89,949
Capital assets maintenance and operations	-	-	-	-	-
Community development and environmental services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>402,710</b>	<b>643,871</b>	<b>228,688</b>	<b>825,163</b>	<b>89,949</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>181,979</b>	<b>2,328</b>	<b>(83,396)</b>	<b>38,693</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt proceeds	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(19,635)	(2,328)	(19,200)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(19,635)</b>	<b>(2,328)</b>	<b>(19,200)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>162,344</b>	<b>-</b>	<b>(102,596)</b>	<b>38,693</b>
<b>FUND BALANCES:</b>					
Beginning of year	-	394,454	-	212,810	411,874
End of year	\$ -	\$ 556,798	\$ -	\$ 110,214	\$ 450,567



Special Revenue Funds							
Integrated Waste Management	Urban Runoff	Traffic Safety OTS	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	Justice Assistance Grant	Law Enforcement Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,316,675	1,328,307	-	-	-	-	-	-
190,727	-	1,616	149,589	229,700	121,780	528	7,519
-	-	-	-	9,566	552	-	-
501,212	-	-	-	-	-	-	-
5,008,614	1,328,307	1,616	149,589	239,266	122,332	528	7,519
-	-	1,616	149,589	282,369	151,005	528	7,519
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,548,013	1,286,719	-	-	-	-	-	-
6,598	8,700	-	-	64,374	38,434	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,554,611	1,295,419	1,616	149,589	346,743	189,439	528	7,519
(545,997)	32,888	-	-	(107,477)	(67,107)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,519	-	-	-	50,000	-	-	-
(261,270)	(135,903)	-	-	-	-	-	-
(259,751)	(135,903)	-	-	50,000	-	-	-
(805,748)	(103,015)	-	-	(57,477)	(67,107)	-	-
6,301,911	2,422,115	-	-	763,360	72,258	-	-
\$ 5,496,163	\$ 2,319,100	\$ -	\$ -	\$ 705,883	\$ 5,151	\$ -	\$ -
(Continued)							

# City of Fremont

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds, Continued

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	Special Revenue Funds				
	Inclusionary Housing In Lieu	Metropolitan Medical Response System	Miscellaneous Federal Grants	Miscellaneous State Support	Traffic Congestion AB2928
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Intergovernmental	-	392,449	682,773	353,790	1,810,852
Investment earnings	-	2,166	-	-	2,642
Other	284,167	-	-	-	-
<b>Total revenues</b>	<b>284,167</b>	<b>394,615</b>	<b>682,773</b>	<b>353,790</b>	<b>1,813,494</b>
<b>EXPENDITURES:</b>					
Current:					
Police services	-	-	22,384	176,667	-
Fire services	-	382,820	343,935	-	-
Human services	-	-	-	163,123	-
Capital assets maintenance and operations	-	-	-	-	805,255
Community development and environmental services	-	-	-	-	-
Capital outlay	-	41,387	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>424,207</b>	<b>366,319</b>	<b>339,790</b>	<b>805,255</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>284,167</b>	<b>(29,592)</b>	<b>316,454</b>	<b>14,000</b>	<b>1,008,239</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt proceeds	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(14,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>284,167</b>	<b>(29,592)</b>	<b>316,454</b>	<b>-</b>	<b>1,008,239</b>
<b>FUND BALANCES:</b>					
Beginning of year	-	427,015	-	-	-
End of year	\$ 284,167	\$ 397,423	\$ 316,454	\$ -	1,008,239

Special Revenue Funds				Total Non-major Special Revenue Funds	Debt Service Fund  Fire General Obligation Bonds	Total Non-major Debt Service Fund	Capital Projects Funds  Transportation Development Act
State Gas Tax	Prop 1B Local Streets & Roads	County Support for City Streets	Maintenance District				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,649,050	\$ 2,649,050	\$ -
-	-	-	151,217	7,626,148	-	-	-
3,414,126	3,146,640	-	-	17,061,842	-	-	10,929
130,302	54,928	3,219	-	283,596	89,247	89,247	-
-	-	-	-	1,374,908	-	-	-
<u>3,544,428</u>	<u>3,201,568</u>	<u>3,219</u>	<u>151,217</u>	<u>26,346,494</u>	<u>2,738,297</u>	<u>2,738,297</u>	<u>10,929</u>
-	-	-	-	791,677	-	-	-
-	-	-	-	726,755	-	-	-
-	-	-	-	4,962,770	-	-	-
3,556,594	1,126,206	50,245	147,471	5,714,760	-	-	10,929
-	-	-	-	10,645,389	-	-	-
27,523	-	-	-	187,016	-	-	-
-	-	-	-	-	220,000	220,000	-
-	-	-	-	55,888	1,543,752	1,543,752	-
<u>3,584,117</u>	<u>1,126,206</u>	<u>50,245</u>	<u>147,471</u>	<u>23,084,255</u>	<u>1,763,752</u>	<u>1,763,752</u>	<u>10,929</u>
<u>(39,689)</u>	<u>2,075,362</u>	<u>(47,026)</u>	<u>3,746</u>	<u>3,262,239</u>	<u>974,545</u>	<u>974,545</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	681,462	-	-	-
-	-	-	(7,374)	(1,385,850)	-	-	-
-	-	-	(7,374)	(704,388)	-	-	-
(39,689)	2,075,362	(47,026)	(3,628)	2,557,851	974,545	974,545	-
<u>9,314,962</u>	<u>3,412,664</u>	<u>65,952</u>	<u>201,631</u>	<u>28,463,150</u>	<u>788,555</u>	<u>788,555</u>	<u>-</u>
<u>\$ 9,275,273</u>	<u>\$ 5,488,026</u>	<u>\$ 18,926</u>	<u>198,003</u>	<u>\$ 31,021,001</u>	<u>\$ 1,763,100</u>	<u>\$ 1,763,100</u>	<u>\$ -</u>

(Continued)

# City of Fremont

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds, Continued

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	Capital Projects Funds				
	Miscellaneous State Grants Capital	Interchange Construction	Vehicle Replacement	Capital Improvement	Capital Improvement Outside Sources
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Intergovernmental	7,172,457	-	-	-	2,705,008
Investment earnings	-	157,809	85,956	550,357	-
Other	-	-	78,804	550,511	305,652
<b>Total revenues</b>	<b>7,172,457</b>	<b>157,809</b>	<b>164,760</b>	<b>1,100,868</b>	<b>3,010,660</b>
<b>EXPENDITURES:</b>					
Current:					
Police services	-	-	-	-	-
Fire services	-	-	-	-	-
Human services	-	-	-	-	-
Capital assets maintenance and operations	162,554	101,839	153,442	4,484,953	637,907
Community development and environmental services	-	-	-	-	-
Capital outlay	7,009,903	-	1,114,380	6,916,251	3,350,834
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>7,172,457</b>	<b>101,839</b>	<b>1,267,822</b>	<b>11,401,204</b>	<b>3,988,741</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>55,970</b>	<b>(1,103,062)</b>	<b>(10,300,336)</b>	<b>(978,081)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt proceeds	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Transfers in	-	-	1,458,429	16,932,000	-
Transfers out	-	-	-	(500,007)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,458,429</b>	<b>16,431,993</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>55,970</b>	<b>355,367</b>	<b>6,131,657</b>	<b>(978,081)</b>
<b>FUND BALANCES:</b>					
Beginning of year	-	7,682,914	4,336,976	26,316,215	3,958,981
End of year	\$ -	<b>7,738,884</b>	<b>4,692,343</b>	<b>\$ 32,447,872</b>	<b>2,980,900</b>

Capital Projects Funds				Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
Measure B	Intermodal	Traffic	Fire General		2009	2008
	Surface	System	Obligation			
	Transportation Efficiency Act	Management	Bonds			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,649,050	\$ 1,416,616
-	-	-	-	-	7,626,148	7,089,095
4,661,370	667,750	94,533	-	15,312,047	32,373,889	52,032,992
94,175	-	-	107,601	995,898	1,368,741	3,952,759
	-	-	-	934,967	2,309,875	2,488,395
4,755,545	667,750	94,533	107,601	17,242,912	46,327,703	66,979,857
-	-	-	-	-	791,677	938,901
-	-	-	-	-	726,755	518,807
-	-	-	-	-	4,962,770	4,992,420
3,243,349	667,750	94,533	8,279	9,565,535	15,280,295	15,708,057
-	-	-	-	-	10,645,389	6,270,086
2,439,581	-	-	7,544,180	28,375,129	28,562,145	46,722,670
-	-	-	-	-	220,000	4,420,000
-	-	-	224,473	224,473	1,824,113	6,078,833
5,682,930	667,750	94,533	7,776,932	38,165,137	63,013,144	85,649,774
(927,385)	-	-	(7,669,331)	(20,922,225)	(16,685,441)	(18,669,917)
-	-	-	16,000,000	16,000,000	16,000,000	-
-	-	-	256,685	256,685	256,685	-
-	-	-	-	18,390,429	19,071,891	19,347,158
-	-	-	-	(500,007)	(1,885,857)	(5,553,025)
-	-	-	16,256,685	34,147,107	33,442,719	13,794,133
(927,385)	-	-	8,587,354	13,224,882	16,757,278	(4,875,784)
5,969,059	-	-	5,724,832	53,988,977	83,240,682	91,001,330
\$ 5,041,674	\$ -	\$ -	\$ 14,312,186	\$ 67,213,859	\$ 99,997,960	\$ 86,125,546
(Concluded)						

(Concluded)

## Non-Major Governmental Funds

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# Supplementary Information

## Proprietary Funds



**City of Fremont**  
**Combining Statement of Net Assets**  
**Proprietary Fund Type**  
**June 30, 2009**  
(With comparative totals for June 30, 2008)

	Internal Service Funds				
	Risk Management	Information Technology	Other Post Employment Benefits	Totals	
				2009	2008
<b>ASSETS</b>					
Current assets:					
Cash and investments held by City	\$ 10,339,121	\$ 3,442,491	\$ 70,904	\$ 13,852,516	\$ 11,124,741
Other receivables	2,943	150,111	-	153,054	165,995
Total current assets	10,342,064	3,592,602	70,904	14,005,570	11,290,736
Noncurrent assets:					
Depreciable assets	-	8,757,117	-	8,757,117	8,392,376
Less accumulated depreciation	-	(6,004,074)	-	(6,004,074)	(5,538,888)
Land held for resale	2,821,430	-	-	2,821,430	2,821,430
Total noncurrent assets	2,821,430	2,753,043	-	5,574,473	5,674,918
<b>Total assets</b>	13,163,494	6,345,645	70,904	19,580,043	16,965,654
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	244,200	351,055	-	595,255	261,680
Salaries and wages payable	36,023	92,172	-	128,195	119,660
Claims payable	4,442,000	-	-	4,442,000	3,920,000
Total current liabilities	4,722,223	443,227	-	5,165,450	4,301,340
Noncurrent liabilities:					
Claims payable	7,556,000	-	-	7,556,000	6,438,000
Net other post employment benefits liability	-	-	3,387,761	3,387,761	1,773,165
Total noncurrent liabilities	7,556,000	-	3,387,761	10,943,761	8,211,165
<b>Total liabilities</b>	12,278,223	443,227	3,387,761	16,109,211	12,512,505
<b>NET ASSETS</b>					
Invested in capital assets	-	2,753,043	-	2,753,043	2,853,488
Unrestricted	885,271	3,149,375	(3,316,857)	717,789	1,599,661
<b>Total net assets</b>	\$ 885,271	\$ 5,902,418	\$ (3,316,857)	\$ 3,470,832	\$ 4,453,149

**City of Fremont**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund Type**  
**For the year ended June 30, 2009**  
(With comparative totals for the year ended June 30, 2008)

	Internal Service Funds				
	Risk Management	Information Technology	Other Post Employment Benefits	Totals	
				2009	2008
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 6,837,239	\$ 5,752,664	\$ 1,777,298	\$ 14,367,201	\$ 13,787,614
Other	54,770	11,914	2,712	69,396	71,942
<b>Total operating revenues</b>	<b>6,892,009</b>	<b>5,764,578</b>	<b>1,780,010</b>	<b>14,436,597</b>	<b>13,859,556</b>
<b>OPERATING EXPENSES:</b>					
Salaries and wages	410,431	2,834,660	-	3,245,091	3,145,241
Insurance premiums	797,734	-	-	797,734	1,183,294
Provision for claim losses	5,496,760	-	-	5,496,760	4,907,375
Claims administration	342,928	-	-	342,928	253,710
Materials and supplies	95,066	1,166,209	-	1,261,275	1,367,309
Depreciation	-	456,692	-	456,692	483,982
Other postemployment benefits	-	-	3,387,000	3,387,000	3,387,000
Other	2,040	75,200	-	77,240	75,040
<b>Total operating expenses</b>	<b>7,144,959</b>	<b>4,532,761</b>	<b>3,387,000</b>	<b>15,064,720</b>	<b>14,802,951</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(252,950)</b>	<b>1,231,817</b>	<b>(1,606,990)</b>	<b>(628,123)</b>	<b>(943,395)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	168,136	52,133	1,149	221,418	470,231
<b>Total nonoperating revenues (expenses)</b>	<b>168,136</b>	<b>52,133</b>	<b>1,149</b>	<b>221,418</b>	<b>470,231</b>
Contributed capital assets	-	-	-	-	116,760
Transfers in	5,549	51,488	-	57,037	20,373
Transfers out	(149,000)	(483,649)	-	(632,649)	(566,420)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(228,265)</b>	<b>851,789</b>	<b>(1,605,841)</b>	<b>(982,317)</b>	<b>(902,451)</b>
<b>NET ASSETS:</b>					
Beginning of year	1,113,536	5,050,629	(1,711,016)	4,453,149	5,355,600
End of year	<u>\$ 885,271</u>	<u>\$ 5,902,418</u>	<u>\$ (3,316,857)</u>	<u>\$ 3,470,832</u>	<u>\$ 4,453,149</u>

**City of Fremont**  
**Combining Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended June 30, 2009**  
(With comparative totals for the year ended June 30, 2008)

	Internal Service Funds				
	Risk Management	Information Technology	Other Post Employment Benefits	Totals	
				2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from users	\$ 6,834,296	\$ 5,768,548	\$ 1,777,298	\$ 14,380,142	\$ 13,785,015
Other revenue	54,770	11,914	2,712	69,396	71,942
Less: Payments to suppliers	(1,114,296)	(954,066)	-	(2,068,362)	(3,040,867)
Payments for employees services	(415,945)	(2,820,611)	-	(3,236,556)	(3,122,727)
Payments for claims paid	(3,856,760)	-	-	(3,856,760)	(3,608,240)
Payments for other post employment benefits	-	-	(1,772,404)	(1,772,404)	(1,613,835)
Payments to others	(2,040)	(75,200)	-	(77,240)	(75,040)
Net cash provided by operating activities	1,500,025	1,930,585	7,606	3,438,216	2,396,248
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on cash and investments	168,136	52,133	1,149	221,418	470,231
Net cash provided by investing activities	168,136	52,133	1,149	221,418	470,231
CASH FLOWS FROM CAPITAL ACTIVITIES:					
Acquisition of capital assets	-	(356,247)	-	(356,247)	(187,643)
Net cash (used) by capital activities	-	(356,247)	-	(356,247)	(187,643)
CASH FLOWS FROM NON CAPITAL ACTIVITIES:					
Transfers in	5,549	51,488	-	57,037	20,373
Transfers out	(149,000)	(483,649)	-	(632,649)	(566,420)
Net cash provided (used) by noncapital activities	(143,451)	(432,161)	-	(575,612)	(546,047)
Net increase in cash and cash investments	1,524,710	1,194,310	8,755	2,727,775	2,132,789
CASH AND INVESTMENTS:					
Beginning of year	8,814,411	2,248,181	62,149	11,124,741	8,991,952
End of year	\$ 10,339,121	\$ 3,442,491	\$ 70,904	\$ 13,852,516	\$ 11,124,741
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (252,950)	\$ 1,231,817	\$ (1,606,990)	\$ (628,123)	\$ (943,395)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	456,692	-	456,692	483,982
Changes in assets and liabilities:					
Accounts receivable	(2,943)	15,884	-	12,941	(2,599)
Accounts payable	121,432	212,143	-	333,575	75,581
Salaries and wages payable	(5,514)	14,049	-	8,535	22,514
Claims payable	1,640,000	-	-	1,640,000	987,000
Other post employment benefits payable	-	-	1,614,596	1,614,596	1,773,165
Net cash provided by operating activities	\$ 1,500,025	\$ 1,930,585	\$ 7,606	\$ 3,438,216	\$ 2,396,248

**Agency Funds** are used to account for assets held by the City on behalf of others as their agent. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve measurement of results of operations. Specific agency funds are as follows:

***Local Improvement Districts*** – Special assessment bonds were issued by local improvement districts under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. This fund also accounts for the City of Fremont Community Facilities District No. 1. \$30 million Series 2001 bonds and \$38 million Series 2005 bonds which were issued to finance the public improvements at Pacific Commons. The 2001 and 2005 Series bonds each have a series of maturities of up to 30 years and have a weighted average fixed interest rate of 6.11% (Series 2001) and 5.33% (Series 2005).

***Performance Bonds, Deposits and Confiscated Assets*** – This fund accounts for bonds and deposits received in conjunction with construction activity within the City, assets confiscated by the police and other deposits, held by the City in a fiduciary capacity.

***Tri-City Waste Facility Financing Authority*** – This fund accounts for the revenue bonds issued by the cities of Fremont, Newark and Union City to pay for the cities' share of the future landfill closing costs of the Durham Road Landfill.

***Southern Alameda County GIS*** – This fund accounts for monies collected from participating agencies for the administration of the program. The City of Fremont is the administrator of the Geographic Information System which serves the participating agencies. The program operates under a JPA that was approved by the City of Fremont, City of Union City, City of Newark, Union Sanitary District and Alameda County Water District.

**City of Fremont**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**

(With comparative totals for June 30, 2008)

	Local Improvement Districts	Performance Bonds, Deposits and Confiscated Assets	Tri-City Waste Facility Financing Authority	Southern Alameda County GIS	Total	
					2009	2008
<b><u>All Agency Funds</u></b>						
<b>Assets:</b>						
Cash and investments held by City	\$ 16,730,927	\$ -	\$ 329,835	\$ 691	\$ 17,061,453	\$ 17,110,278
Restricted cash and investments held by City	2,019,526	-	-	-	2,019,526	2,080,370
Restricted cash and investments held by fiscal agent	9,597,290	1,395	764,295	-	10,362,980	11,724,259
Interest receivable	36,775	-	-	-	36,775	-
Accounts receivable	-	1,477,669	-	13,524	1,491,193	1,582,830
Other receivables	182,599	-	32,533	-	215,132	111,429
<b>Total assets</b>	<b>\$ 28,567,117</b>	<b>\$ 1,479,064</b>	<b>\$ 1,126,663</b>	<b>\$ 14,215</b>	<b>\$ 31,187,059</b>	<b>\$ 32,609,166</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 169,365	\$ -	\$ -	\$ 169,365	\$ 218,228
Cash overdraft	-	4,390	-	-	4,390	-
Deposits	28,567,117	1,305,309	1,126,663	14,215	31,013,304	32,390,938
<b>Total liabilities</b>	<b>\$ 28,567,117</b>	<b>\$ 1,479,064</b>	<b>\$ 1,126,663</b>	<b>\$ 14,215</b>	<b>\$ 31,187,059</b>	<b>\$ 32,609,166</b>

**City of Fremont**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2009**

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>Local Improvement Districts</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 15,713,766	\$ 18,972,480	\$ (17,955,319)	\$ 16,730,927
Restricted cash and investments held by City	2,080,370	-	(60,844)	2,019,526
Restricted cash and investments held by fiscal agent	10,958,021	10,795,910	(12,156,641)	9,597,290
Interest receivable	-	36,775	-	36,775
Other receivables	77,057	6,487,395	(6,381,853)	182,599
<b>Total assets</b>	<b>\$ 28,829,214</b>	<b>\$ 36,292,560</b>	<b>\$ (36,554,657)</b>	<b>\$ 28,567,117</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,855	\$ -	\$ (1,855)	\$ -
Deposits	28,827,359	20,189,604	(20,449,846)	28,567,117
<b>Total liabilities</b>	<b>\$ 28,829,214</b>	<b>\$ 20,189,604</b>	<b>\$ (20,451,701)</b>	<b>\$ 28,567,117</b>
<b><u>Performance Bonds, Deposits and Confiscated Assets</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 1,045,680	\$ 3,629,827	\$ (4,675,507)	\$ -
Restricted cash and investments held by fiscal agent	1,391	4	-	1,395
Accounts receivable	1,544,305	3,004,450	(3,071,086)	1,477,669
<b>Total assets</b>	<b>\$ 2,591,376</b>	<b>\$ 6,634,281</b>	<b>\$ (7,746,593)</b>	<b>\$ 1,479,064</b>
<b>Liabilities:</b>				
Accounts payable	\$ 200,960	\$ 3,736,259	\$ (3,767,854)	\$ 169,365
Cash overdraft	-	4,390	-	4,390
Deposits	2,390,416	4,181,966	(5,267,073)	1,305,309
<b>Total liabilities</b>	<b>\$ 2,591,376</b>	<b>\$ 7,922,615</b>	<b>\$ (9,034,927)</b>	<b>\$ 1,479,064</b>
<b><u>Tri-City Waste Facility Financing Authority</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 359,729	\$ 690,561	\$ (720,455)	\$ 329,835
Restricted cash and investments held by fiscal agent	764,847	766,373	(766,925)	764,295
Other receivables	34,372	32,533	(34,372)	32,533
<b>Total assets</b>	<b>\$ 1,158,948</b>	<b>\$ 1,489,467</b>	<b>\$ (1,521,752)</b>	<b>\$ 1,126,663</b>
<b>Liabilities:</b>				
Deposits	\$ 1,158,948	\$ 486,370	\$ (518,655)	\$ 1,126,663
<b>Total liabilities</b>	<b>\$ 1,158,948</b>	<b>\$ 486,370</b>	<b>\$ (518,655)</b>	<b>\$ 1,126,663</b>

(Continued)

**City of Fremont**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds, Continued**  
**For the year ended June 30, 2009**

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>Southern Alameda County GIS</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ (8,897)	\$ 60,196	\$ (50,608)	\$ 691
Accounts receivable	38,525	13,524	(38,525)	13,524
<b>Total assets</b>	<b>\$ 29,628</b>	<b>\$ 73,720</b>	<b>\$ (89,133)</b>	<b>\$ 14,215</b>
<b>Liabilities:</b>				
Accounts payable	\$ 15,413	\$ 2,030	\$ (17,443)	\$ -
Deposits	14,215	-	-	14,215
<b>Total liabilities</b>	<b>\$ 29,628</b>	<b>\$ 2,030</b>	<b>\$ (17,443)</b>	<b>\$ 14,215</b>
 <b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 17,110,278	\$ 23,353,064	\$ (23,401,889)	\$ 17,061,453
Restricted cash and investments held by City	2,080,370	-	(60,844)	2,019,526
Restricted cash and investments held by fiscal agent	11,724,259	11,562,287	(12,923,566)	10,362,980
Interest receivable	-	36,775	-	36,775
Accounts receivables	1,582,830	3,017,974	(3,109,611)	1,491,193
Other receivables	111,429	6,519,928	(6,416,225)	215,132
<b>Total assets</b>	<b>\$ 32,609,166</b>	<b>\$ 44,490,028</b>	<b>\$ (45,912,135)</b>	<b>\$ 31,187,059</b>
<b>Liabilities:</b>				
Accounts payable	\$ 218,228	\$ 3,738,289	\$ (3,787,152)	\$ 169,365
Deposits	32,390,938	24,857,940	(26,235,574)	31,013,304
<b>Total liabilities</b>	<b>\$ 32,609,166</b>	<b>\$ 28,596,229</b>	<b>\$ (30,022,726)</b>	<b>\$ 31,182,669</b>

(Concluded)



# Statistical Section

This part of the City of Fremont's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	128
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate property tax.	132
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	137
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	141
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	145

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2001/02; schedules presenting government-wide information include information beginning in that year.

**City of Fremont**  
**Net Assets by Component**  
**June 30, 2009**  
**Last Eight Fiscal Years**  
*accrual basis of accounting*  
(Unaudited)

**Schedule 1**

	FISCAL YEAR							
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 482,153,019	\$ 463,205,250	\$ 476,711,460	\$ 477,491,078	\$ 492,609,091	\$ 507,801,920	\$ 597,016,241	\$ 617,287,566
Restricted	208,272,548	233,206,982	223,279,148	233,465,777	232,686,345	253,733,287	262,457,732	258,314,734
Unrestricted	43,912,124	44,760,194	47,710,005	50,687,189	52,601,260	51,665,700	43,467,426	39,138,468
Total primary government net assets	\$ 734,337,691	\$ 741,172,426	\$ 747,700,613	\$ 761,644,044	\$ 777,896,696	\$ 813,200,907	\$ 902,941,399	\$ 914,740,768

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2001/2002.

**City of Fremont**  
**Changes in Net Assets**  
**June 30, 2009**  
**Last Eight Fiscal Years**  
*accrual basis of accounting*  
(Unaudited)

**Schedule 2**

Expenses	FISCAL YEAR							
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Governmental activities:								
General government	\$ 12,660,953	\$ 12,465,583	\$ 10,497,335	\$ 10,927,465	\$ 11,504,343	\$ 13,008,021	\$ 13,070,910	\$ 13,767,479
Police services	40,344,058	38,441,241	40,613,307	45,097,014	46,923,899	50,900,709	54,340,131	55,686,039
Fire services	24,359,513	24,182,471	23,593,554	26,157,733	27,439,461	28,586,741	31,949,301	34,614,856
Human services	4,843,775	5,782,214	5,532,651	6,006,485	6,622,615	7,023,486	8,570,232	8,543,626
Capital assets maintenance and operations	47,004,298	39,335,850	35,292,159	33,952,582	34,033,545	51,922,938	45,347,610	38,893,562
Recreation and leisure services	6,105,478	5,381,940	5,305,249	4,906,353	5,292,877	5,746,712	6,248,438	6,929,936
Community development and environmental services	33,663,302	36,131,872	39,092,599	44,331,019	46,315,194	35,676,597	39,566,083	42,224,384
Interest on debt	5,988,587	7,457,832	7,754,841	6,939,093	8,749,040	9,046,177	9,884,311	9,616,078
Total primary government expenses	\$ 174,969,964	\$ 169,179,003	\$ 167,681,695	\$ 178,317,744	\$ 186,880,974	\$ 201,911,381	\$ 208,977,016	\$ 210,275,960
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$ 740,221	\$ 586,848	\$ 497,857	\$ 711,360	\$ 554,714	\$ 365,018	\$ 1,489,409	\$ 1,686,609
Police services	4,145,055	4,300,814	4,565,692	4,227,141	4,451,080	5,151,589	4,863,088	5,202,320
Fire services	1,907,064	2,397,907	2,451,767	2,450,562	2,653,190	2,633,354	2,707,187	2,810,650
Human services	945,544	1,259,156	1,316,513	1,292,815	1,646,046	1,938,551	1,775,799	2,069,671
Capital assets maintenance and operations	153,286	1,448,120	1,573,602	1,562,861	1,664,257	1,727,489	1,731,401	1,759,999
Recreation and leisure services	2,977,495	3,306,746	3,491,286	3,474,316	3,473,820	3,844,673	4,028,541	4,604,871
Community development and environmental services	9,545,939	8,261,723	10,871,809	14,626,076	14,870,735	18,364,336	16,404,617	14,598,875
Operating grants and contributions	14,283,788	18,997,590	20,515,161	13,701,055	15,673,580	28,035,029	25,380,774	22,954,564
Capital grants and contributions	6,741,433	5,399,792	741,323	491,304	649,463	231,404	31,205,534	10,507,311
Total primary government program revenues	\$ 41,439,825	\$ 45,958,696	\$ 46,025,010	\$ 42,537,490	\$ 45,636,885	\$ 62,291,443	\$ 89,586,350	\$ 66,194,870
<b>Net (Expense)/Revenue</b>								
Total primary government net expense	\$ (133,530,139)	\$ (123,220,307)	\$ (121,656,685)	\$ (135,780,254)	\$ (141,244,089)	\$ (139,619,938)	\$ (119,390,666)	\$ (144,081,090)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property tax	\$ 58,561,392	\$ 60,805,988	\$ 63,856,070	\$ 62,247,469	\$ 83,462,380	\$ 90,038,824	\$ 98,144,859	\$ 103,503,472
Sales tax	29,195,816	28,202,974	26,796,489	30,619,014	32,276,785	34,190,785	35,583,842	31,631,408
Motor vehicle in lieu	3,759,737	4,009,909	3,813,050	4,623,173	2,041,387	1,220,418	938,566	727,164
Revenue loss mitigation	7,808,687	8,004,274	5,728,458	11,157,253	-	-	-	-
Business taxes	5,655,770	5,599,379	5,323,827	6,092,081	6,771,199	6,738,310	7,508,481	7,009,869
Transient occupancy tax	2,175,301	1,798,758	1,830,630	2,017,603	2,342,279	2,885,388	3,181,302	2,864,442
Property transfer tax	986,644	1,096,842	1,549,781	1,784,668	1,948,201	1,504,708	1,092,279	840,065
Development impact fees	2,916,140	2,687,489	6,987,670	8,867,917	5,527,178	10,845,865	11,012,026	4,104,115
Franchise fees	7,466,757	6,872,912	7,003,922	7,383,149	7,666,471	7,902,406	7,953,642	8,328,847
Investment earnings	13,082,943	10,184,761	3,438,906	7,304,154	9,049,458	13,758,948	17,425,422	8,981,569
Miscellaneous	3,043,089	791,756	1,856,069	2,461,066	6,411,403	5,838,497	3,402,237	3,530,178
Total primary government general revenues and other changes in net assets	\$ 134,652,276	\$ 130,055,042	\$ 128,184,872	\$ 144,557,547	\$ 157,496,741	\$ 174,924,149	\$ 186,242,656	\$ 171,521,129
<b>Change in Net Assets</b>								
Total primary government change in net assets	\$ 1,122,137	\$ 6,834,735	\$ 6,528,187	\$ 13,943,431	\$ 16,252,652	\$ 35,304,211	\$ 66,851,990	\$ 27,440,039

Note: The City began to report accrual information when it implemented GASB34 in fiscal year 2001/02.

**City of Fremont**  
**Fund Balances, Governmental Funds**  
**June 30, 2009**  
**Last Eight Fiscal Years**  
*modified accrual basis of accounting*  
(Unaudited)

**Schedule 3**

	FISCAL YEAR							
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
General Fund								
Reserved	\$ 565,560	\$ 451,196	\$ 563,369	\$ 379,089	\$ 629,338	\$ 450,170	\$ 202,890	\$ 386,227
Unreserved	35,980,749	33,608,581	36,385,524	36,363,031	39,404,749	41,683,524	35,524,862	30,713,126
Total general fund	\$ 36,546,309	\$ 34,059,777	\$ 36,948,893	\$ 36,742,120	\$ 40,034,087	\$ 42,133,694	\$ 35,727,752	\$ 31,099,353
All Other Governmental Funds								
Reserved	\$ 77,492,865	\$ 64,722,787	\$ 83,957,254	\$ 96,343,792	\$ 85,903,878	\$ 126,727,937	\$ 71,138,649	\$ 48,982,849
Unreserved, designated for:								
Special revenue funds	28,909,816	79,750,606	69,459,148	55,773,577	55,335,438	52,682,836	55,781,769	47,612,657
Capital projects fund	122,189,350	137,990,369	85,662,254	95,326,847	106,135,519	119,785,296	153,637,169	175,423,906
Unreserved, undesignated for:								
Special revenue funds	(2,577,166)	(6,036,223)	-	-	(516,943)	(709,919)	(528,661)	(490,498)
Capital projects fund	-	(22,304,154)	-	-	(231,742)	(37,814,289)	(11,744,190)	(3,146,561)
Total all other governmental funds	\$ 226,014,865	\$ 254,123,385	\$ 239,078,656	\$ 247,444,216	\$ 246,626,150	\$ 260,671,861	\$ 268,284,736	\$ 268,382,353

Note: The City of Fremont has elected to show only seven years of data for this schedule.

**City of Fremont**  
**Changes in Fund Balances, Governmental Funds**  
**June 30, 2009**  
**Last Eight Fiscal Years**  
*modified accrual basis of accounting*  
(Unaudited)

**Schedule 4**

	FISCAL YEAR							
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
<b>Revenues</b>								
Taxes:								
Property tax	\$ 58,062,912	\$ 60,328,147	\$ 63,385,957	\$ 61,790,662	\$ 83,008,738	\$ 89,560,729	\$ 98,144,859	\$ 103,503,472
Sales tax	29,195,816	28,202,974	26,796,489	30,619,014	32,276,785	34,190,785	35,583,842	31,631,408
Motor vehicle in lieu	3,759,737	4,009,909	3,813,050	4,623,173	2,041,387	1,220,418	938,566	727,164
Revenue loss mitigation	7,808,686	8,004,274	5,728,458	11,157,253	-	-	-	-
Business taxes	5,655,770	5,599,379	5,323,827	6,092,081	6,771,199	6,738,310	7,508,481	7,009,869
Transient occupancy tax	3,161,945	2,895,600	3,380,411	2,017,604	1,948,201	2,885,388	3,181,302	2,864,442
Property transfer tax	-	-	-	1,784,668	2,342,279	1,504,708	1,092,279	840,065
Total taxes	107,644,866	109,040,283	108,428,192	118,084,455	128,388,589	136,100,338	146,449,329	146,576,420
Development impact fees	2,916,140	2,687,489	6,987,670	8,867,917	5,527,178	10,845,865	11,012,026	4,104,115
Franchise fees	7,466,757	6,872,912	7,003,922	7,546,775	7,666,471	7,902,406	7,953,642	8,328,847
Charges for services	19,856,637	21,320,438	24,768,526	27,389,159	30,054,401	31,755,677	31,599,774	30,910,844
Investment earnings	13,739,916	10,045,155	3,403,310	7,229,477	8,888,252	13,405,022	16,955,191	8,760,151
Intergovernmental	14,485,284	19,716,307	20,985,273	14,157,861	16,127,222	28,513,124	52,363,648	32,643,976
Other revenues	3,178,134	730,203	1,779,007	2,394,707	6,350,404	5,769,464	3,980,839	3,460,782
Total revenues	\$ 169,287,734	\$ 170,412,787	\$ 173,355,900	\$ 185,670,351	\$ 203,002,517	\$ 234,291,896	\$ 270,314,449	\$ 234,785,135
<b>Expenditures</b>								
General government	\$ 11,981,513	\$ 12,019,481	\$ 10,270,078	\$ 10,757,407	\$ 11,012,979	\$ 12,094,439	\$ 12,628,762	\$ 11,711,458
Police services	39,321,246	37,011,189	37,935,944	43,805,707	46,191,569	50,065,794	52,837,739	54,573,391
Fire services	23,651,021	22,298,745	23,050,940	25,203,843	26,501,821	27,630,794	30,364,662	32,710,995
Human services	4,752,837	5,685,116	5,480,620	5,947,640	6,560,721	6,995,637	8,565,647	8,582,926
Capital assets maintenance and operations	38,223,904	34,452,491	31,838,420	29,115,843	27,361,954	48,265,999	42,341,852	36,069,515
Recreation and leisure services	5,441,694	5,324,337	5,201,139	4,825,523	5,233,963	5,588,467	6,188,443	6,876,778
Community development and environmental services	26,440,166	29,300,150	29,818,864	34,329,281	35,811,739	26,563,329	29,316,813	42,360,414
Intergovernmental	7,405,599	6,371,857	8,940,670	9,761,863	10,187,704	8,550,372	10,170,059	12,753,545
Capital outlay	16,999,390	29,113,450	32,971,268	23,315,029	13,254,734	13,142,337	57,959,324	39,318,636
Debt service:								
Principal	4,835,000	5,385,000	6,455,000	6,730,000	9,675,000	9,975,000	10,300,000	20,390,000
Interest and fiscal charges	6,403,944	7,541,598	8,176,015	7,360,443	8,705,701	8,810,719	8,186,907	10,235,890
Total expenditures	\$ 185,456,314	\$ 194,503,414	\$ 200,138,958	\$ 201,152,579	\$ 200,497,885	\$ 217,682,887	\$ 268,860,208	\$ 275,583,548
Excess of revenues over (under) expenditures	\$ (16,168,580)	\$ (24,090,627)	\$ (26,783,058)	\$ (15,482,228)	\$ 2,504,632	\$ 16,609,009	\$ 1,454,241	\$ (40,798,413)
<b>Other Financing Sources (Uses)</b>								
Debt issuance	\$ 10,055,000	\$ 54,865,000	\$ 73,355,000	\$ 25,000,000	\$ -	\$ -	\$ -	\$ 92,360,000
Premium on debt issue	-	-	-	362,917	-	-	-	353,665
Transfers in	75,925,569	103,043,213	39,401,737	47,194,926	45,655,624	74,488,066	124,375,710	71,731,048
Transfer out	(75,417,639)	(102,510,598)	(38,984,292)	(48,916,828)	(45,686,355)	(74,951,757)	(123,829,663)	(71,155,437)
Payment to escrow agent	-	(5,685,000)	(59,145,000)	-	-	-	-	(57,815,000)
Total other financing sources (uses)	\$ 10,562,930	\$ 49,712,615	\$ 14,627,445	\$ 23,641,015	\$ (30,731)	\$ (463,691)	\$ 546,047	\$ 35,474,276
Net change in fund balances	\$ (5,605,650)	\$ 25,621,988	\$ (12,155,613)	\$ 8,158,787	\$ 2,473,901	\$ 16,145,318	\$ 2,000,288	\$ (5,324,137)
Debt service as a percentage of noncapital expenditures	6.7%	7.8%	8.8%	7.9%	9.8%	9.2%	8.8%	13.0%

Note: The City of Fremont has elected to show only eight years of data for this schedule.

# City of Fremont

## Schedule 5

### Assessed Value and Actual Value of Taxable Property

June 30, 2009

Last Ten Fiscal Years

*in thousands of dollars*

(Unaudited)

Fiscal Year	City				Redevelopment Agency				City Direct Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2000	\$ 17,686,129	\$ 2,052,662	\$ (547,636)	\$ 19,191,155	\$ 1,665,874	\$ 536,123	\$ (27,385)	\$ 2,174,612	0.0000%
2001	19,269,210	2,033,059	(563,447)	20,738,822	1,809,341	532,405	(28,157)	2,313,589	0.0000%
2002	21,033,633	2,454,831	(588,039)	22,900,425	2,010,196	674,041	(28,393)	2,655,844	0.0000%
2003	22,308,180	2,329,805	(598,741)	24,039,244	2,143,722	687,466	(28,560)	2,802,628	0.0000%
2004	23,587,791	2,201,334	(603,544)	25,185,581	2,210,212	624,610	(31,379)	2,803,443	0.2900%
2005	24,901,891	1,893,085	(635,980)	26,158,996	2,284,805	536,002	(31,738)	2,789,069	0.2300%
2006	26,823,571	2,026,153	(668,294)	28,181,430	2,435,293	539,647	(32,744)	2,942,196	0.7900%
2007	28,907,217	2,036,828	(715,350)	30,228,695	2,558,821	521,918	(22,139)	3,058,600	0.4400%
2008	30,946,443	2,063,841	(732,041)	32,278,243	2,867,485	551,742	(27,949)	3,391,278	0.4200%
2009	32,521,734	2,185,774	(753,714)	33,953,794	3,118,831	542,396	(49,820)	3,611,407	0.7900%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of \$1 based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" limited to a maximum increase of 2%. With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of Alameda

**City of Fremont**  
**Direct and Overlapping Property Tax Rates**  
**June 30, 2009**  
**Last Ten Fiscal Years**  
*accrual basis of accounting*  
(Unaudited)

**Schedule 6**

Fiscal Year	City Direct Rate	Overlapping Rates			Total Direct Rate
	General Obligation Debt Service	County	School District	Special Districts	
2000	-	1.0000	0.0256	0.0127	1.0383
2001	-	1.0000	0.0256	0.0127	1.0383
2002	-	1.0000	0.0234	0.0136	1.0370
2003	-	1.0000	0.0572	0.0121	1.0693
2004	0.0029	1.0000	0.0742	0.0106	1.0877
2005	0.0023	1.0000	0.0761	0.0092	1.0876
2006	0.0079	1.0000	0.0626	0.0154	1.0859
2007	0.0044	1.0000	0.0520	0.0246	1.0810
2008	0.0042	1.0000	0.0610	0.0402	1.1054
2009	0.0079	1.0000	0.0594	0.0453	1.1126

NOTE: In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within.

Source: Alameda County Auditor-Controller



**City of Fremont**  
**Principal Property Tax Payers**  
**June 30, 2009**  
**Last Ten Calendar Years**  
*in thousands of dollars*  
(Unaudited)

Taxpayer	2009			2008			2007			2006			2005		
			% of			% of			% of			% of			% of
	Total		Total City	Total		Total City	Total		Total City	Total		Total City	Total		Total City
	Assessed	Rank	Taxable Assessed	Assessed	Rank	Taxable Assessed	Assessed	Rank	Taxable Assessed	Assessed	Rank	Taxable Assessed	Assessed	Rank	Taxable Assessed
	Value		Value	Value		Value	Value		Value	Value		Value	Value		Value
New United Motors Manufacturing, Inc.	\$ 1,087,910	1	3.20%	\$ 969,230	1	3.00%	\$ 985,625	1	3.26%	\$ 996,671	1	3.54%	\$ 932,230	1	3.48%
Catellus Development Corporation	537,867	2	1.58%	505,979	2	1.57%	328,432	2	1.09%	339,786	2	1.21%	256,364	2	0.96%
Sobrato Interests II LP	240,456	3	0.71%	-	-	-	-	-	-	-	-	-	-	-	-
John Arrilago & Richard Peery	231,801	4	0.68%	186,815	4	0.58%	161,226	5	0.53%	158,065	6	0.56%	154,966	5	0.58%
SCI LP I	209,883	5	0.62%	205,690	3	0.64%	201,358	3	0.67%	196,944	3	0.70%	134,102	7	0.50%
Jer Bayside LLD	76,221	6	0.22%	74,726	6	0.23%	112,126	7	0.37%	110,612	7	0.39%	99,979	8	0.37%
Jer BTP II LLC	73,936	7	0.22%	72,486	7	0.22%	-	-	-	-	-	-	-	-	-
BNP Paribas Leasing Corporation	72,828	8	0.21%	-	-	-	-	-	-	-	-	-	-	-	-
Legacy Partners I Fremont LLC	62,424	9	0.18%	61,200	9	0.19%	-	-	-	-	-	-	-	-	-
AMB Property Limited Partnership	62,271	10	0.18%	-	-	-	-	-	-	-	-	-	-	-	-
Ardenwood Corporate Park Associates	-	-	-	167,581	5	0.52%	164,296	4	0.54%	166,115	4	0.59%	162,858	4	0.61%
Selco Service Corporation	-	-	-	71,400	8	0.22%	70,001	8	0.23%	68,628	8	0.24%	94,335	9	0.35%
Northern California Industrial Portfolio	-	-	-	59,979	10	0.19%	-	-	-	-	-	-	-	-	-
CalWest Industrial Properties LLC	-	-	-	-	-	-	160,137	6	0.53%	165,653	5	0.59%	163,346	3	0.61%
RREEF America Reit II Corporation	-	-	-	-	-	-	58,803	9	0.19%	57,650	10	0.20%	-	-	-
Riggs & Company	-	-	-	-	-	-	51,640	10	0.17%	-	-	-	-	-	-
Renco Equities IV	-	-	-	-	-	-	-	-	-	61,875	9	0.22%	-	-	-
BRE Properties, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	146,132	6	0.55%
ERP Operating LP	-	-	-	-	-	-	-	-	-	-	-	-	75,636	10	0.28%
SSR Western Multifamily LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ProLogis Limited Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Znag International Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BRA Properties Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Walton Fremont Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HMT Technology Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TABC Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Read Rite Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaiser Foundation Health Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LAM Research Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 2,655,597		7.80%	\$2,375,086		7.36%	\$2,293,644		7.58%	\$2,321,999		8.24%	\$2,219,948		8.29%

Source: Alameda County Assessor's Office

## Schedule 7

2004			2003			2002			2001			2000		
		% of			% of			% of			% of			% of
Total	Total	Total City	Total	Total	Total City	Total	Total	Total City	Total	Total	Total City	Total	Total	Total City
Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed
Value	Rank	Value	Value	Rank	Value	Value	Rank	Value	Value	Rank	Value	Value	Rank	Value
\$ 987,384	1	4.25%	\$ 872,067	1	3.54%	\$ 937,590	1	3.99%	\$ 971,634	1	5.12%	\$ 880,155	1	4.46%
247,154	2	1.06%	245,639	2	1.00%	215,607	3	0.92%	187,309	2	0.99%	121,936	7	0.62%
145,644	5	0.63%	140,830	4	0.57%	113,287	7	0.48%	91,653	7	0.48%	-	-	-
131,404	7	0.57%	-	-	-	181,851	4	0.77%	123,562	4	0.65%	173,481	5	0.88%
93,964	9	0.41%	100,438	8	0.41%	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	98,444	9	0.40%	66,284	9	0.28%	76,415	9	0.40%	96,795	10	0.49%
147,266	4	0.63%	108,987	7	0.44%	-	-	-	86,059	8	0.45%	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
159,362	3	0.69%	165,328	3	0.67%	165,284	5	0.71%	93,126	6	0.49%	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	95,182	8	0.41%	94,195	5	0.50%	156,783	6	0.79%
137,636	6	0.59%	131,524	5	0.53%	-	-	-	-	-	-	-	-	-
74,303	10	0.32%	75,189	10	0.31%	-	-	-	71,487	10	0.38%	-	-	-
94,177	8	0.32%	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	131,340	6	0.53%	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	289,836	2	1.23%	-	-	-	-	-	-
-	-	-	-	-	-	125,392	6	0.53%	-	-	-	-	-	-
-	-	-	-	-	-	59,423	10	0.25%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	157,137	3	0.83%	234,289	3	1.19%
-	-	-	-	-	-	-	-	-	-	-	-	248,937	2	1.26%
-	-	-	-	-	-	-	-	-	-	-	-	178,581	4	0.90%
-	-	-	-	-	-	-	-	-	-	-	-	113,228	8	0.49%
-	-	-	-	-	-	-	-	-	-	-	-	97,257	9	0.49%
<u>\$2,218,294</u>		<u>9.47%</u>	<u>\$ 2,069,786</u>		<u>8.40%</u>	<u>\$ 2,249,736</u>		<u>9.57%</u>	<u>\$ 1,952,577</u>		<u>10.29%</u>	<u>\$ 2,301,442</u>		<u>11.57%</u>

**City of Fremont**  
**Property Tax Levies and Collections**  
**June 30, 2009**  
**Last Ten Fiscal Years**  
(Unaudited)

**Schedule 8**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections <sup>2</sup>	Total Collections to Date	
		Amount <sup>1</sup>	Percentage of Levy		Amount <sup>1</sup>	Percentage of Levy
2000	\$ 24,419,920	\$ 24,419,920	100.00%	\$ 3,521,224	\$ 27,941,144	114.42%
2001	26,525,016	28,663,957	108.06%	603,092	29,267,049	110.34%
2002	31,962,996	30,260,493	94.67%	732,220	30,992,713	96.96%
2003	30,888,453	31,222,911	101.08%	1,077,711	32,300,652	104.57%
2004	34,570,844	33,488,552	96.87%	2,436,537	35,925,089	103.92%
2005	33,849,967	31,843,722	94.07%	2,763,862	34,607,584	102.24%
2006	37,397,322	33,800,465	90.38%	4,694,097	38,494,562	102.93%
2007	42,070,561	38,418,787	91.32%	4,314,037	42,732,824	101.57%
2008	44,399,789	41,098,408	92.56%	4,038,449	45,136,857	101.66%
2009	44,177,923	43,323,369	98.07%	4,131,527	47,454,896	107.42%

<sup>1</sup>Sources: City of Fremont Finance Department, Treasury Division, and Alameda County Auditor - Controller

<sup>2</sup> Includes interest and penalty remittances

**City of Fremont**
**Schedule 9**
**Ratios of Outstanding Debt by Type**
**June 30, 2009**
**Last Ten Fiscal Years**
*dollars in thousands, except per capita*

(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Percentage of Actual Taxable Value <sup>a</sup> of Property	Percentage of Personal Income	Per Capita <sup>b</sup>
	General		Certificates	Total			
	Obligation Bonds	Redevelopment Bonds	of Participation	Primary Government			
2000	\$ -	\$ -	\$ 74,440	\$ 74,440	0.39%	N/A	\$ 357.88
2001	-	50,000	107,085	157,085	0.76%	N/A	758.25
2002	-	47,445	115,110	162,555	0.71%	N/A	779.27
2003	-	62,690	143,660	206,350	0.86%	N/A	987.33
2004	10,000	62,505	141,600	214,105	0.85%	N/A	1,024.03
2005	34,820	58,930	138,625	232,375	0.89%	N/A	1,109.61
2006	34,630	53,365	134,705	222,700	0.79%	N/A	1,059.68
2007	34,430	47,645	130,650	212,725	0.70%	N/A	1,005.02
2008	34,220	41,765	126,440	202,425	0.63%	N/A	948.07
2009	50,000	26,070	140,510	216,580	0.64%	2.61%	1,004.38

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See schedule 5 for property value data.

<sup>b</sup> Population data can be found in Schedule 13.

# City of Fremont

## Schedule 10

### Ratios of General Bonded Debt Outstanding

June 30, 2009

Last Ten Fiscal Years

*dollars in thousands, except per capita*

(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Redevelopment Bonds	Total		
2000	\$ -	\$ -	\$ -	0.00%	\$ -
2001	-	50,000	50,000	0.22%	241.35
2002	-	47,445	47,445	0.19%	227.44
2003	-	62,690	62,690	0.23%	299.96
2004	10,000	62,505	72,505	0.26%	346.78
2005	34,820	58,930	93,750	0.32%	447.66
2006	34,630	53,365	87,995	0.28%	418.71
2007	34,430	47,645	82,075	0.25%	387.76
2008	34,220	41,765	75,985	0.21%	355.88
2009	50,000	26,070	76,070	0.20%	352.77

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See schedule 5 for property value data.

<sup>b</sup> Population data can be found in Schedule 13.

**City of Fremont**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2009**  
(Unaudited)

**Schedule 11**

	<b>Total Debt 6/30/09</b>	<b>Percentage Applicable (1)</b>	<b>City's Share of Debt 6/30/09</b>
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Bay Area Rapid Transit District	\$ 441,360,000	6.941%	\$ 30,634,798
Chabot-Las Positas Community College District	470,174,226	0.006%	28,210
Ohlone Community College District	133,305,000	81.845%	109,103,477
Fremont Unified School District	200,088,035	100.000%	200,088,035
Sunol Glen Unified School District	1,454,789	0.279%	4,059
City of Fremont	50,000,000	100.000%	50,000,000
City of Fremont Community Facilities District No. 1	67,495,000	100.000%	67,495,000
City of Fremont 1915 Act Bonds	21,930,000	100.000%	21,930,000
Washington Township Healthcare District	53,365,000	69.922%	37,313,875
East Bay Regional Park District	125,850,000	10.233%	12,878,231
	<u>1,565,022,050</u>		<u>529,475,685</u>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Alameda County General Fund Obligations	\$ 445,402,000	17.498%	\$ 77,936,442
Alameda County Pension Obligations	203,020,721	17.498%	35,524,566
Alameda County Board of Education Public Facilities Corporation	-	0.000%	-
Alameda-Contra Costa Transit District Certificates of Participation	42,765,000	21.109%	9,027,264
Chabot-Las Positas Community College District Certificates of Participation	4,830,000	0.006%	290
Fremont Unified School District Certificates of Participation	1,955,000	100.000%	1,955,000
City of Fremont Certificates of Participation	140,510,000	100.000%	140,510,000
	<u>838,482,721</u>		<u>264,953,562</u>
<b>COMBINED TOTAL DEBT</b>	<b><u>\$ 2,403,504,771</u></b>		<b><u>\$ 794,429,247</u></b> (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**City of Fremont**  
**Legal Debt Margin Information**  
**June 30, 2009**  
**Last Ten Fiscal Years**  
*dollars in millions*  
(Unaudited)

**Schedule 12**

Assessed value	\$ 33,954
Debt limite (15% of assessed value)	5,093
Debt applicable to limit:	
Less outstanding debt	50
Legal debt margin	<u>\$ 5,043</u>

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 2,879	\$ 3,111	\$ 3,435	\$ 3,606	\$ 3,778	\$ 3,924	\$ 4,227	\$ 4,534	\$ 4,842	\$ 5,093
Total net debt applicable to limit	-	-	-	-	10	35	35	34	34	50
Legal debt margin	\$ 2,879	\$ 3,111	\$ 3,435	\$ 3,606	\$ 3,768	\$ 3,889	\$ 4,192	\$ 4,500	\$ 4,808	\$ 5,043
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.26%	0.89%	0.82%	0.75%	0.70%	0.98%

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation date for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Fremont Finance Department, County of Alameda Tax Assessor's Office

**City of Fremont**  
**Demographic and Economic Statistics**  
**June 30, 2009**  
**Last Ten Calendar Years**  
(Unaudited)

**Schedule 13**

Year	Population	Alameda County Median Income *	Per Capita Personal Income	Median Age	Mean Household Income **	Unemploy- ment Rate ***	Level of Educational Attainment of People 25 years & Older			Distribution of Jobs by Major Employment Sectors			
							College/ Associate Degree	High School Graduate	Less than High School Degree	Manufact./ Wholesale	Retail	Service	Other
2000	208,000	\$ 38,624	N/A	31.9	\$ 81,400	3.6%	35%	49%	16%	32%	18%	28%	22%
2001	207,169	38,582	N/A	35	86,189	4.8%	39%	48%	13%	32%	16%	31%	21%
2002	208,600	38,044	N/A	35	86,189	4.8%	39%	48%	13%	32%	16%	31%	21%
2003	208,998	38,411	N/A	35	103,100	4.9%	39%	48%	13%	33%	15%	32%	20%
2004	209,080	39,779	N/A	35	104,600	4.2%	51%	37%	12%	32%	15%	32%	21%
2005	209,421	40,613	N/A	35	104,600	3.6%	51%	37%	12%	32%	15%	32%	21%
2006	210,158	42,360	N/A	35	100,500	3.1%	51%	37%	12%	41%	10%	39%	10%
2007	211,662	43,220	N/A	35	122,388	3.4%	51%	37%	12%	40%	10%	40%	10%
2008	213,512	N/A	N/A	35	124,600	4.4%	51%	37%	12%	40%	10%	40%	10%
2009	215,636	N/A	\$ 38,948	35	122,000	N/A	51%	37%	12%	40%	10%	40%	10%

\* Source: California Franchise Tax Board, Personal Income Tax Statistics (All Returns - Taxable and Nontaxable)

\*\* Source: 2006 and prior years - Association of Bay Area Governments, 2007, 2008, 2009 - Claritas Estimates (found in City of Fremont website)

\*\*\* Source: 2001 and prior years - California Employment Development Department (for Alameda County). For 2002 and going forward, the unemployment rate is noted for the City of Fremont (same source).



**City of Fremont**  
**Construction Permits and Estimated Value**  
**June 30, 2009**  
**Last Ten Fiscal Years**  
(Unaudited)

**Schedule 14**

Fiscal Year	Commercial/Industrial		Residential		Total	
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	Number of Permits	Estimated Value
1999-2000	875	\$ 193,250,601	4,582	\$ 158,243,434	5,457	\$ 351,494,035
2000-2001	991	229,158,070	4,276	134,146,642	5,267	363,304,712
2001-2002	811	145,224,742	4,162	93,908,111	4,973	239,132,853
2002-2003	744	88,715,823	3,946	93,082,949	4,690	181,798,772
2003-2004	748	131,361,568	4,475	109,895,757	5,223	241,257,325
2004-2005	768	164,351,160	4,392	159,569,872	5,160	323,921,032
2005-2006	935	179,211,699	4,361	160,838,698	5,296	340,050,397
2006-2007	927	155,059,489	4,346	130,771,602	5,273	285,831,091
2007-2008	892	244,837,898	3,464	146,059,745	4,356	390,897,643
2008-2009	829	94,886,907	2,970	122,842,111	3,799	217,729,018

Source: City of Fremont Community Development Department

**City of Fremont**  
**Principal Employers**  
**June 30, 2009**  
**Last Ten Calendar Years**  
(Unaudited)

Schedule 15

Employer	2009 *		2008 *		2007 *		2006	2005	2004	2003	2002 **	2001	2000
	(A)	Rank	(A)	Rank	(A)	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
New United Motor Manufacturing	4.27%	1	4.68%	1	5.34%	1	1	1	1	1	-	1	1
Washington Hospital	2.18%	2	2.16%	2	2.25%	2	-	-	-	-	-	-	-
Fremont Unified School District	1.52%	3	1.51%	3	1.57%	3	-	-	-	-	-	-	-
Boston Scientific/Target Therapeutics, Inc.	1.09%	4	1.08%	7	1.12%	6	-	9	-	-	-	-	-
Seagate Magnetics	0.96%	5	0.99%	8	-	-	-	-	6	6	-	2	3
Western Digital	0.91%	6	1.05%	9	1.03%	7	7	10	-	-	-	-	-
AXT Incorporated	0.88%	7	0.88%	10	0.91%	8	-	-	-	-	-	-	-
Lam Research Corporation	0.84%	8	1.14%	6	1.18%	5	2	4	2	2	-	4	2
Office Depot	0.82%	9	-	-	0.84%	10	4	7	-	-	-	-	-
Oplink Communications	0.82%	10	1.39%	4	0.84%	10	-	-	-	-	-	-	-
Smart Modular Technologies	-	-	1.19%	5	1.23%	4	-	5	-	-	-	-	-
Asyst Technologies	-	-	-	-	0.89%	9	-	-	-	-	-	-	7
Soletron California Corp./Fine Pitch	-	-	-	-	-	-	5	8	-	-	-	7	-
Sysco Food Services	-	-	-	-	-	-	6	-	8	8	-	10	10
Synnex Information Tech. Inc.	-	-	-	-	-	-	-	-	4	4	-	-	-
MMC Technology	-	-	-	-	-	-	3	6	-	-	-	-	-
Kaiser Permanente	-	-	-	-	-	-	8	-	-	-	-	-	-
Sanmina-SCI	-	-	-	-	-	-	9	-	-	-	-	-	-
Scios, Inc.	-	-	-	-	-	-	10	-	-	-	-	-	-
Excel, Inc.	-	-	-	-	-	-	-	2	-	-	-	-	-
Tandem Staffing	-	-	-	-	-	-	-	3	-	-	-	-	-
Avant! Corporation	-	-	-	-	-	-	-	-	3	3	-	-	-
Credence Systems Corporation	-	-	-	-	-	-	-	-	5	5	-	-	-
Read-Rite Corporation	-	-	-	-	-	-	-	-	7	7	-	9	-
L S I Logic Corporatino	-	-	-	-	-	-	-	-	9	9	-	-	-
Extron Logistics, LLC	-	-	-	-	-	-	-	-	10	10	-	-	-
HMT Technology Corporation	-	-	-	-	-	-	-	-	-	-	-	3	4
Staff Search	-	-	-	-	-	-	-	-	-	-	-	5	5
RSP Manufacturing Corporation	-	-	-	-	-	-	-	-	-	-	-	6	-
Alatron Inc.	-	-	-	-	-	-	-	-	-	-	-	8	6
Network Equipment Technology	-	-	-	-	-	-	-	-	-	-	-	-	8
Cirrus Logic, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	9

(A) Percentage of total employment.

\* The number of total employment for the City is available for the last three fiscal years only.

\*\* Information not available

**City of Fremont**
**Schedule 16**
**Full-time Equivalent City Government Employees by Function/Program**
**June 30, 2009**
**Last Ten Calendar Years**

(Unaudited)

<u>Function/Program</u>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Public Safety</u>										
Fire *	202.00	205.00	176.20	176.00	157.60	153.00	153.00	153.00	161.00	152.00
Police	313.75	322.75	337.75	337.75	292.90	299.10	294.00	294.00	302.00	287.00
Total	515.75	527.75	513.95	513.75	450.50	452.10	447.00	447.00	463.00	439.00
<u>Other Community Services</u>										
Development & Environ. Services	120.25	122.70	146.80	147.70	121.42	121.00	123.2	106.42	108.3	99.27
Economic Development	2.75	4.00	6.00	4.70	3.64	4.75	4.64	4.64	4.69	4.57
Human Services	33.45	36.45	40.95	44.95	40.57	40.67	43.97	43.97	52.32	51.8
Transportation and Operations	130.00	134.00	145.00	153.00	131.50	132.05	129.3	112.9	116.15	103.11
Parks and Recreation	37.10	39.10	38.60	40.25	36.10	34.85	33.35	67.35	67.35	61.85
Housing and Redevelopment	14.00	15.30	16.05	17.35	13.04	14.68	14.54	13.99	12.91	11.93
Total	337.55	351.55	393.40	407.95	346.27	348.00	349.00	349.27	361.72	332.53
<u>Administrative Systems</u>										
City Manager's Office	12.00	12.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	1.75
Administrative Systems Office	-	-	12.00	11.10	5.50	6.50	5.30	4.70	4.70	3.50
City Attorney	9.60	11.00	13.00	13.00	12.00	11.00	10.75	10.75	10.75	9.42
City Clerk	10.00	10.00	9.00	10.50	7.50	7.40	6.40	6.30	5.30	4.25
Finance	27.50	30.65	29.65	30.05	25.40	26.40	25.75	25.75	24.75	21.65
Information Systems	13.00	16.00	18.00	21.00	20.40	20.40	20.40	20.40	21.90	19.90
Human Resources	14.00	16.50	21.00	21.00	17.00	17.50	17.00	17.00	17.00	14.00
Total	86.10	96.15	106.65	110.65	90.80	92.20	88.60	87.90	87.40	74.47
<b>CITYWIDE TOTAL</b>	<b>939.40</b>	<b>975.45</b>	<b>1,014.00</b>	<b>1,032.35</b>	<b>887.57</b>	<b>892.30</b>	<b>884.60</b>	<b>884.17</b>	<b>912.12</b>	<b>846.00</b>

\* Authorized staffing for the Fire Department included 36 FTEs associated with the Union City fire service contract. The contract was dissolved in FY2000/01.

**City of Fremont**  
**Operating Indicators by Function/Program**  
**June 30, 2009**  
**Last Ten Calendar Years**  
(Unaudited)

**Schedule 17**

<u>Function/Program</u>	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 *
<u>Police</u>											
Physical arrests	4,842	4,908	5,610	7,013	6,959	5,658	6,696	6,503	6,535	6,345	4,953
Vehicle moving and parking violations	15,796	19,660	18,830	17,615	17,453	15,937	14,176	10,762	14,545	17,563	12,366
<u>Fire</u>											
Emergency responses **	12,407	13,339	13,106	12,786	12,761	13,176	12,979	13,338	13,535	13,190	N/A
Fires extinguished	420	396	418	366	370	476	447	383	489	462	N/A
<u>Parks and recreation</u>											
Number of recreation classes registrants	23,860	23,570	24,514	23,393	21,711	21,101	23,150	22,325	24,072	23,885	23,329

\* As of November 1, 2009

\*\* Includes responses within the City of Fremont only; does not include mutual aid responses to Union City, Newark, etc.

**City of Fremont**  
**Capital Asset Statistics by Function/Program**  
**June 30, 2009**  
**Last Ten Calendar Years**  
(Unaudited)

**Schedule 18**

<u>Function/Program</u>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Police fleet cars & motorcycles	221	267	286	288	289	285	285	285	199	186
<u>Fire</u>										
Stations <sup>1</sup>	14	11	11	10	10	10	10	10	11	11
Engines	16	16	16	16	16	16	16	16	16	16
Trucks	3	3	3	3	3	3	3	3	3	3
Patrols (Wildland units, etc.)	6	6	6	6	6	6	6	6	6	6
<u>Parks and recreations</u>										
Acreage	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053
Playgrounds	52	52	52	52	52	52	52	52	52	52
Baseball/softball diamonds	24	24	24	24	24	24	24	24	24	24
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Community centers	5	5	5	5	5	5	5	5	5	5
Water park	-	-	-	-	-	-	-	-	-	1

<sup>1</sup> Fire Station #11 opened in 1999. Decrease in 2000 due to City's disengagement from contract with Union City Fire.  
Fire Station #11 closed in 2003 as a result of budget cuts, and reopened again in 2009 to service increased development in its service area.